COVID-19 impact on the Software House industry in Poland

#3 edition SoDA 2021

Foreword

Bartosz Majewski
Founding Member & President
of SoDA,
CEO Codibly

The consequences of the outbreak of the coronavirus disease (COVID-19) are unprecedented and felt around the world. For the third time during the pandemic, the Software Development Association Poland (SoDA) has conducted a study of executives' and senior leaders' feedback to gain a better understanding of the extent to which Software IT businesses were prepared for COVID-19 and how they are handling the impact.

Previous reports presented COVID-19 consequences for the IT sector in Poland (Summer & Autumn 2020) and the recommendations for business, sales, and HR departments of organizations. As time passes, we see more and more challenges that the ongoing pandemic poses for our industry.

This time SoDA has combined full survey data from eight main areas including leadership, digital transformation, outlook towards the future, new marketing and sales models, growth, profitability, and state of employment, that reflect its problems, successes, or challenges that are hidden behind the numbers.

COVID-19 causes undeniable disturbances that impacted profitability, employees' well-being, financial stability, and long-term budget plans. In 2020 software companies were faced with the necessity to make hard decisions, and the new reality will bring additional challenges. Although overall sentiment in the industry is positive, the future is still uncertain as there is a considerable problem harnessing the new talent.

Addressing the pandemic's continuing impact on our industry effectively means first understanding its lessons from 2020. It's clear to see how much the crisis impacted people and businesses, but more importantly – we now understand what are the opportunities that can emerge from this crisis.

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Key takeaways

Positive sentiment in the sector

One-third of companies mentioned that the COVID-19 pandemic had a positive impact on them, the metric increased against previous SoDA reports; right now, 70% of software development companies have a strongly positive outlook towards the future.

Growth and profit remains high

Overall, companies increased revenue by ~20%, while declared profitability landed at 15%; over one-fourth of companies enjoyed strong growth by more than 30%, while some beat 100% YOY trajectory.
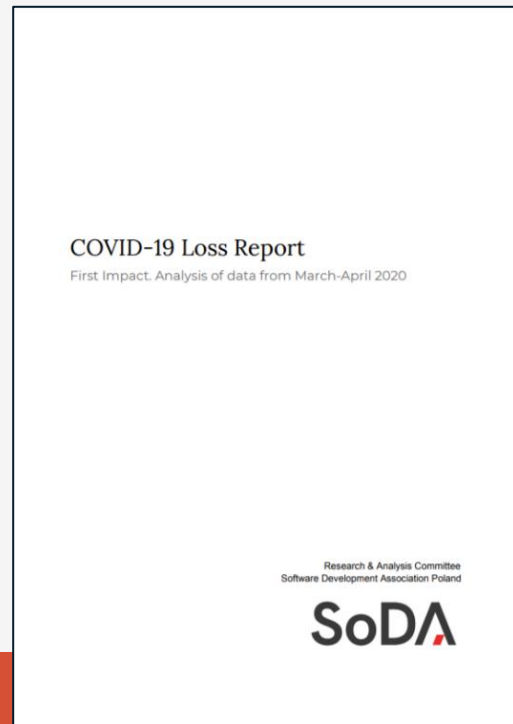
Hiring processes at full speed

Software companies hire more as there are new projects in the pipeline; hiring needed mostly for developer and supporting roles, while salaries increased by 10-20%.

Shift towards digital

Companies went towards the full digital model, and declare that 80% of the managers met the expectations; responders declare more focus on wellbeing and mental health.

Owned channels favoured

The marketing budget increased in 58% organizations, while firms started to experiment with marketing; word of mouth, social media and own website proved to be the most effective; podcasts and webinars were overhyped and didn't meet the expectations.

Increased marketing budgets

Over half of companies increased their marketing budgets; similarly, one-fourth increased sales commission consecutively – 74% of the companies mention that digital push is as effective as the traditional one, so they intent to keep it.

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This is already the 3rd edition of our COVID-19-related report, but this time we have covered more topics

Our previous reports on COVID-19

COVID-19 Loss Report
First Impact. Analysis of data from March-April 2020

Research & Analysis Committee
Software Development Association Poland

SoDA

SoDA
Software Development Association Poland

COVID-19 impact
on the Software House industry in Poland
Business. Sales. HR.

SoDA 2020

Sections covered in this edition

- Outlook towards the future and impact
- Growth & profitability
- Leadership & digital transformation
- Wellbeing and mental health
- State of employment
- Salaries change
- New marketing & sales models
- Marketing & sales budgets

Valueships

Meet our interdisciplinary team responsible for the report

SoDA

Michał Moroz
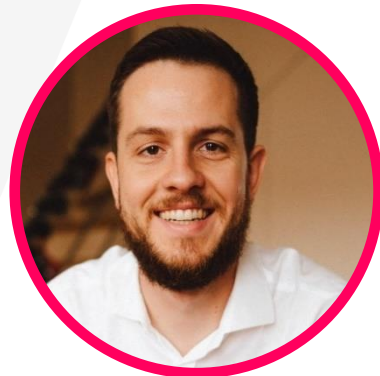Research & Analysis Committee,
CIO Makimo

Angelika Siudzińska
Marketing & Communication

Łukasz Czajkowski
Head of Growth

Valueships

Maciej Wilczynski
CEO @ Valueships

Wojciech Zajączkowski
Lead Research Analyst

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We would like to thank all companies that took part in the research and all organizations that supported SoDA in this project:

PIIT

Polska Izba Informatyki i Telekomunikacji

iTCORNER

Stowarzyszenie ITCorner

KLASTER.iT

Stowarzyszenie Szczeciński Klaster ICT Pomorze Zachodnie
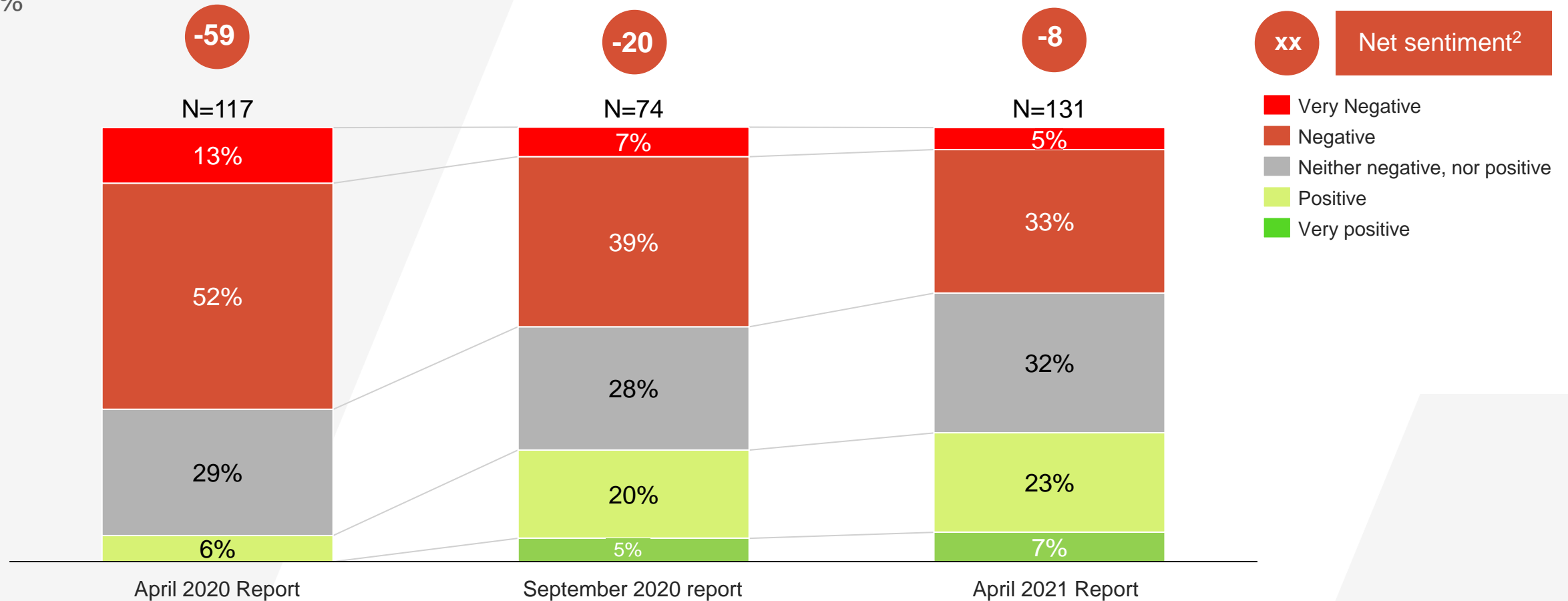
Valueships

Financials & overview

SoDA 2021

Overall sentiment improved within a year, but still remains net negative; rebound expected within months

Considering the COVID-19 impact, what is your sentiment towards it?[1]

%

		xx	Net sentiment[2]

Legend:
- Very Negative
- Negative
- Neither negative, nor positive
- Positive
- Very positive

-59 N=117 April 2020 Report
- 13%
- 52%
- 29%
- 6%

-20 N=74 September 2020 report
- 7%
- 39%
- 28%
- 20%
- 5%

-8 N=131 April 2021 Report
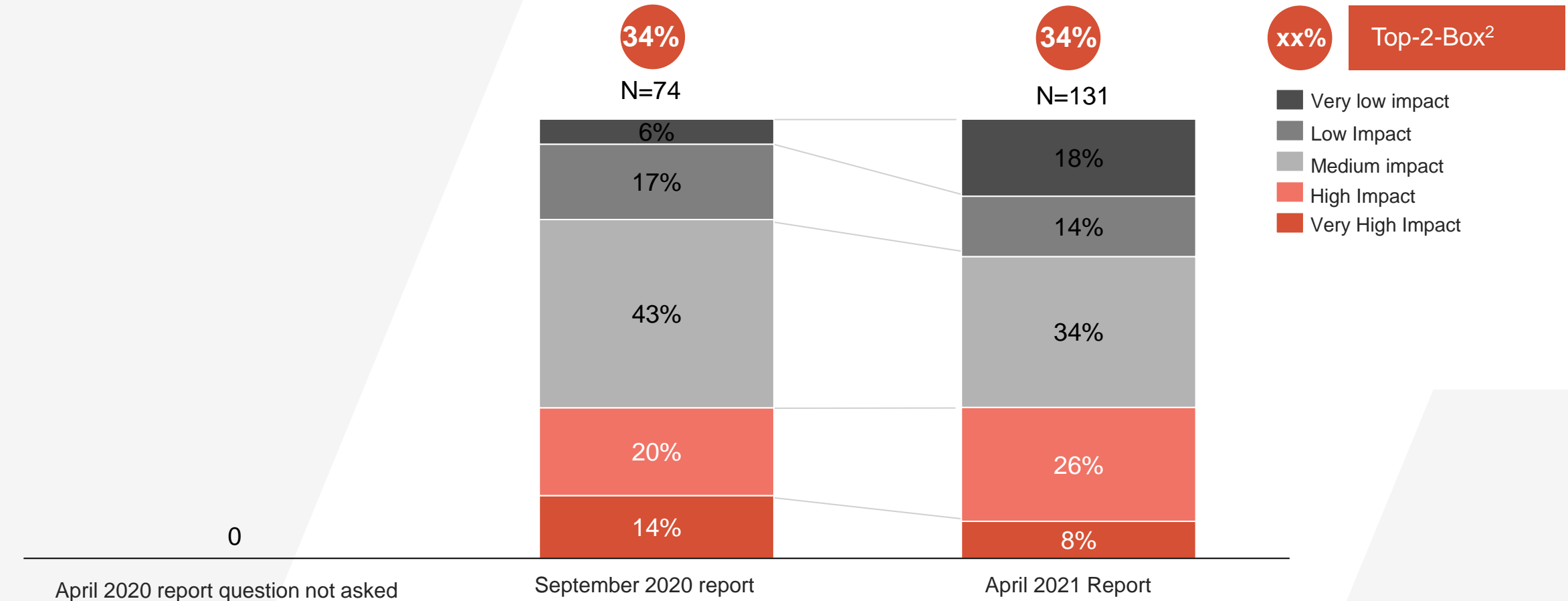- 5%
- 33%
- 32%
- 23%
- 7%

1. The same question was asked in three reports done by SoDA so far
2 % of positive - % of negative
Source: SoDA #COVID-19 State-of-the-market report

We see that overall strength of COVID-19 was lower than initially anticipated in September

What impact had the COVID-19 pandemic already had on your business? [1] %

34% N=74

34% N=131

xx% Top-2-Box[2]

- Very low impact
- Low Impact
- Medium impact
- High Impact
- Very High Impact

September 2020 report

	Very low impact	6%
Low Impact	17%
Medium impact	43%
High Impact	20%
Very High Impact	14%

April 2021 Report

Very low impact	18%
Low Impact	14%
Medium impact	34%
High Impact	26%
Very High Impact	8%

0

April 2020 report question not asked

1. Survey conducted between April 13th and 20th
2. Two highest impact answers on the scales
Source: SoDA #COVID-19 State-of-the-market report

Michał Kurek
Investment Analyst
at Netguru

Most software houses are currently facing a significant demand for talent, mostly because the market need for innovation services is greater than before.

As a result of the COVID-19 pandemic, the industry has observed a growing amount of new projects, coupled with the revenue they bring. At the very beginning of the pandemic – in Q2 2020 – its sudden outbreak resulted in general anxiety, which got reflected in business statistics. But shortly after, in Q3 2020, clients and partners rushed for digital transformation services, which naturally resulted in an increased amount of new business from current, new, and even past clients.

However, this situation also brought about issues on the execution side of the business. Ever since we've been observing an increased demand for services, the supply has been lagging behind, as there are simply not enough software engineers available to cover so many incoming projects. This trend could stay with us for a while longer.

Paweł Pustelnik
Managing Director
at Future Processing

At Future Processing, the second quarter of 2020 turned out to be close to our forecasts, slightly exceeding them in terms of revenue and profit. This resulted from the fact that although COVID-19 directly affected us in case of some projects from sectors like tourism or transport, the team took much less holiday than on average in past years. In our business model it helped us achieve better results than we forecasted in Q2 and Q3. The last quarter of 2020 was much above our forecasts. We have observed a significant revival on the market since September, especially in the Data and Digital Transformation areas. This translated into new contracts as well as an expansion of cooperation with current clients. As a result, we had a very good Q4 despite the holidays in December. We noted an 11% increase compared to Q3 and, at the same time, closed the entire year with PLN 157 million in revenue (9% above forecasts).

Median growth rate of software companies at 20%, while top companies grew by over 40%

What is your overall growth rate within 2020 vs 2019?
N=85, %

75th percentile

Median

25th percentile

20
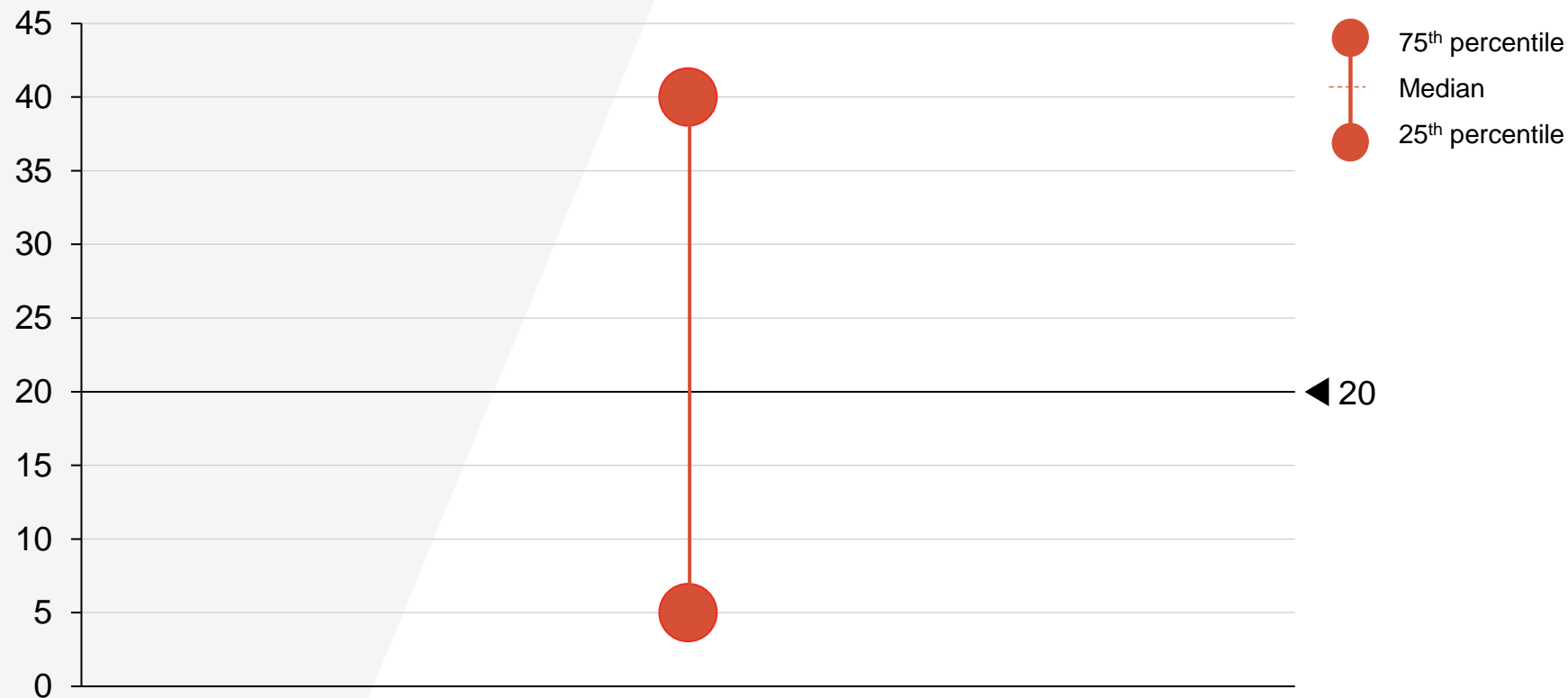
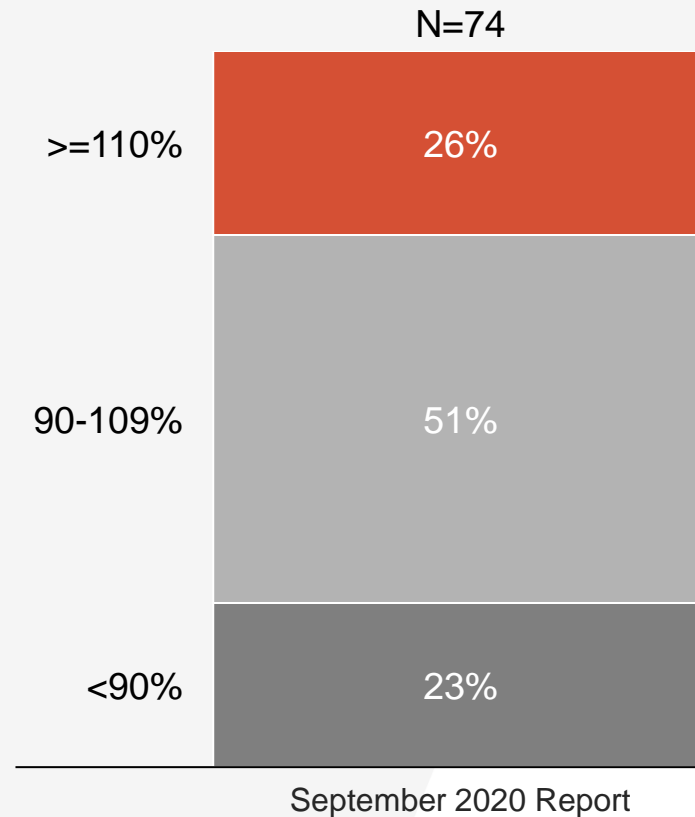**Software companies grew fivefold faster than Polish GDP (+4,3%);** median level at 20%.

Less than 25% of the companies achieved lower growth than 5% - indicating a healthy situation within the sector.

If a company grew by above 40%, **it's already within the top 25% of software companies in Poland;** to be in the top 10%, a company had to grow by 70%.

Valueships

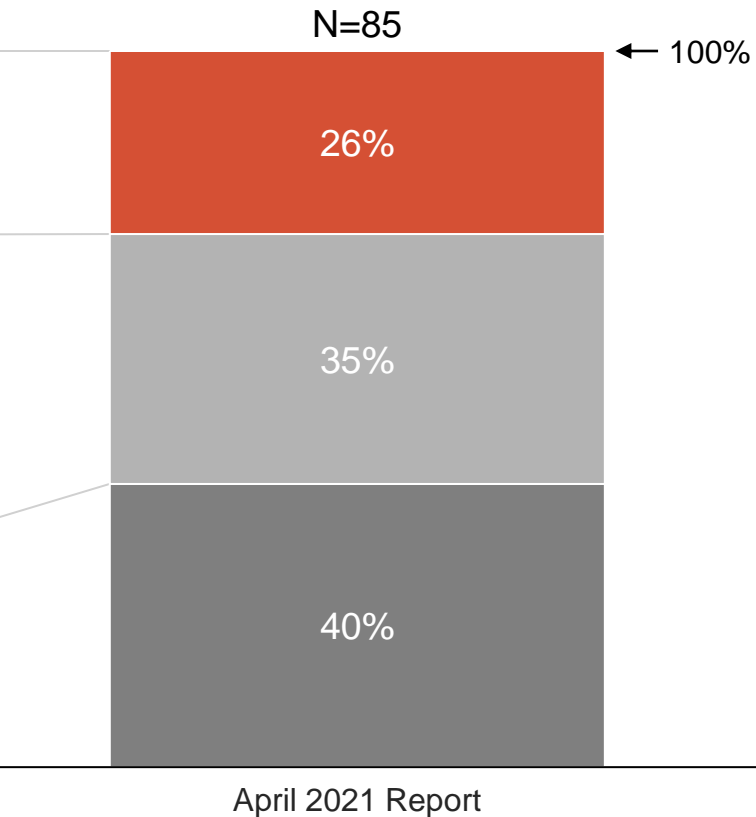# 95% budget implementation among software firms; over one-fourth managed to cross the 100% threshold

How much of the yearly assumed income do you foresee in 2020?

%

How much of the assumed yearly revenues have you achieved in 2020?

%

N=74

N=85

← 100%

>=110%   26%   26%

90-109%   51%   35%

<90%   23%   40%

September 2020 Report

April 2021 Report

Half of the companies managed to implement 95% of the assumed 2020 budget

Overall, results **slightly lower than the Q2 expectations,** but with a reasonable margin of error

One-fourth of the companies knew they're going to beat the 100% threshold and confirmed it with the yearly results

Valueships

The best performing companies reached beyond 20% profitability threshold

What is your overall profitability within 2020?

N=85, %

- 75th percentile
- Median
- 25th percentile

12
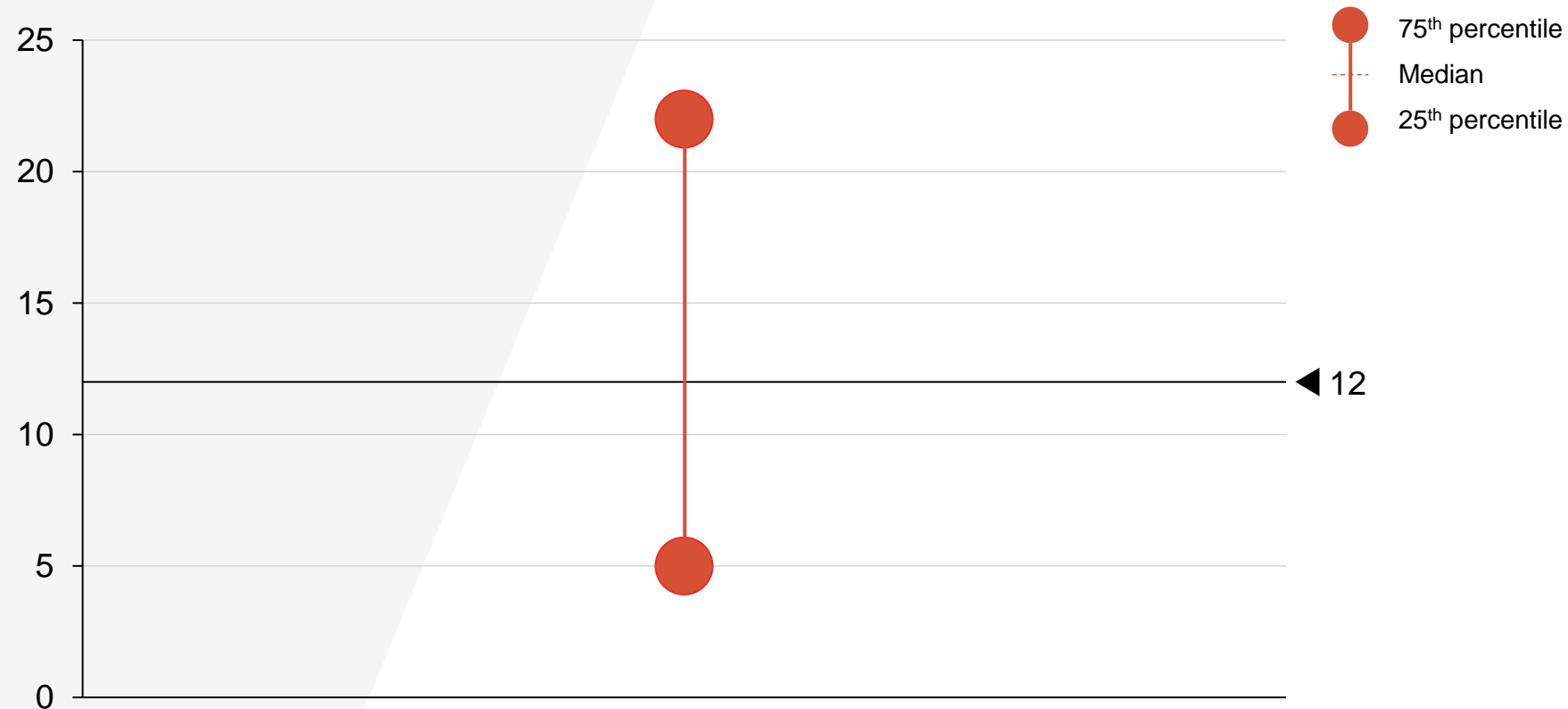
**EBITDA profitability median at 12% -** strong double-digit margin market consensus

Significant differences between the 75th percentile at 22% profitability, **vs. top 5% - to be on top, companies had to be profitable at 60% level**

Positive 5% profitability at bottom quartile; only 7% of the companies reported a profit loss in 2020

Despite the turbulences, overall profitability increased for more than half of companies

How much your overall profitability changed in 2020 vs 2019??

N=85, %
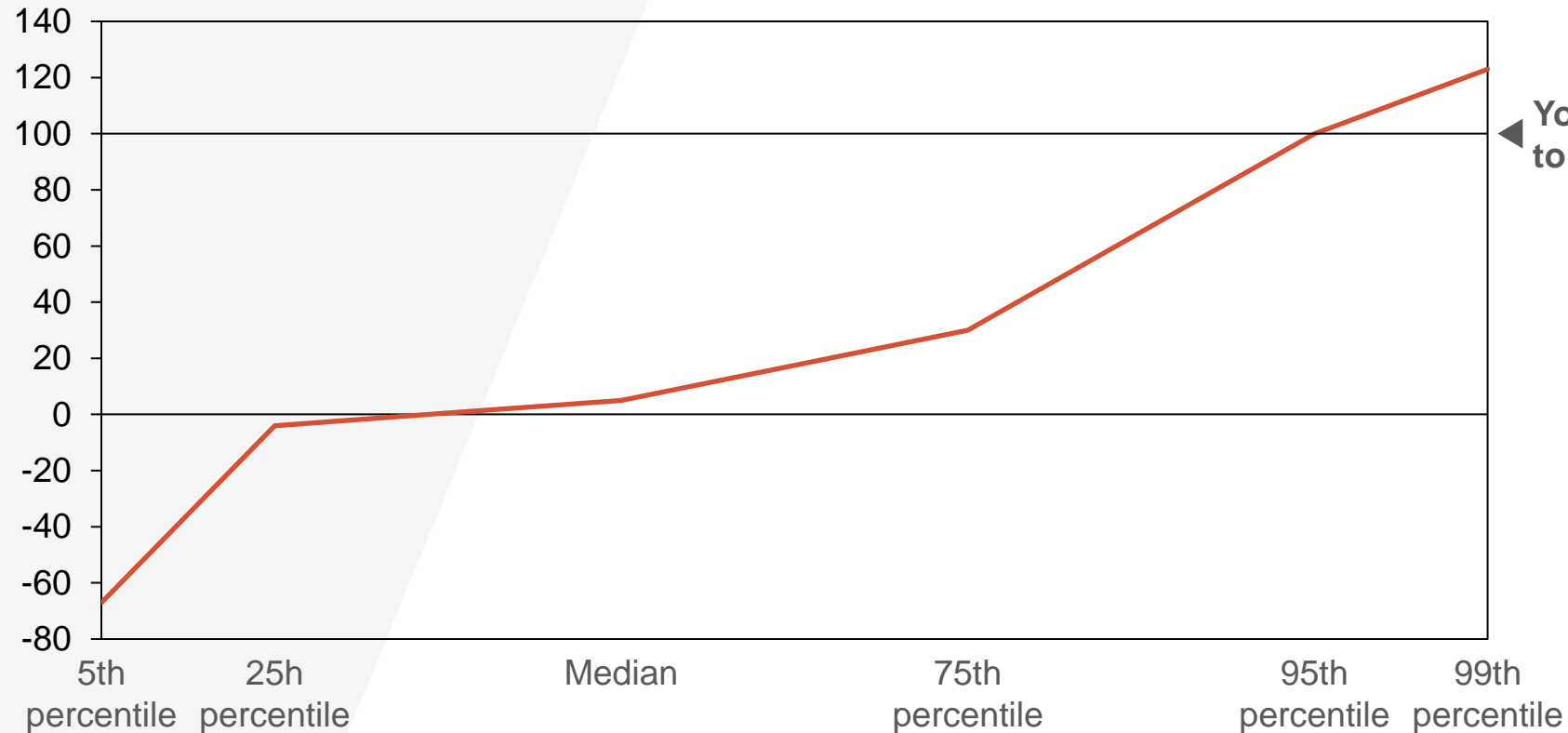
You need to be at 95th percentile to double the profitability

EBITDA profitability growth at +5%; only 25% reduced their profit margins

Top quartile achieved +30% profitability YOY increase, while top 5% enjoyed triple-digit EBITDA growth rate

Bottom 5% experienced a bad year, which resulted in 67% profitability reduction
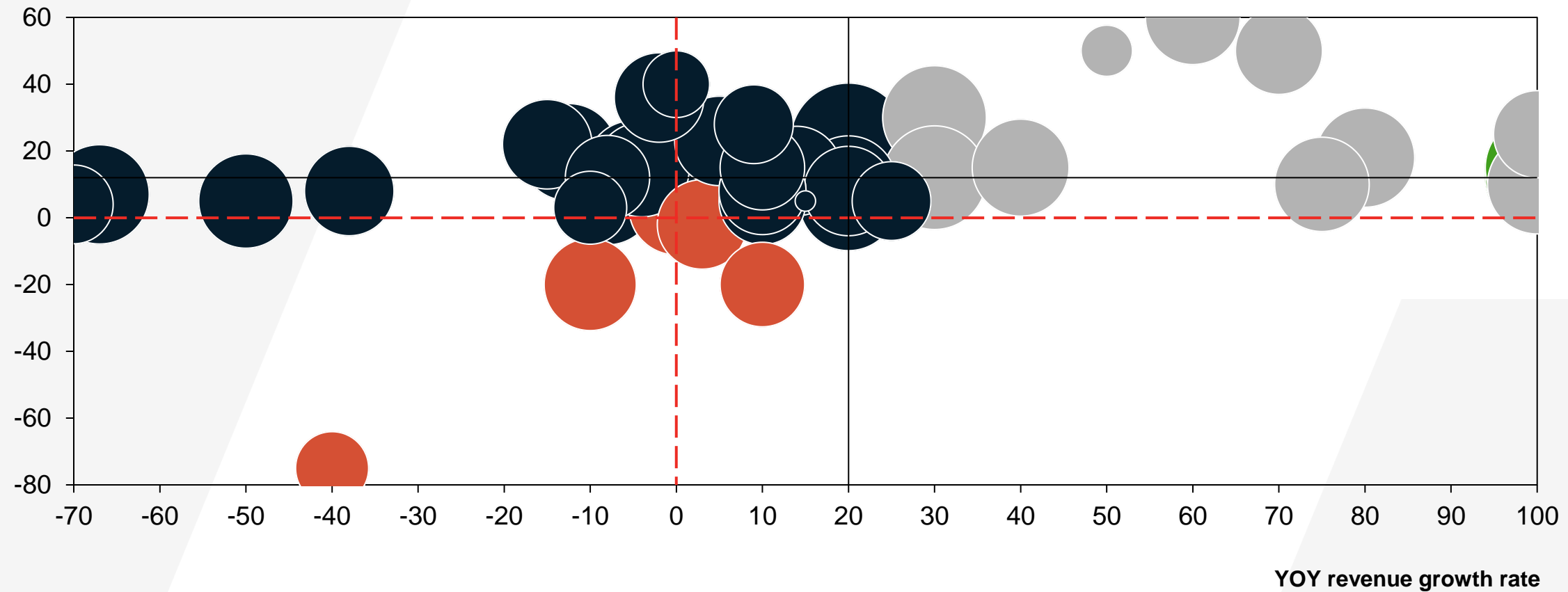
Valueships

The majority of the companies achieved both positive growth and profitability; most budgets were implemented

Overall profitability and growth

N=53

EBITDA margin

Bubble size –
% of the implemented budget

Bottom-line and growth decrease

Market Profit + Growth median

Underperforming companies

Overperforming companies

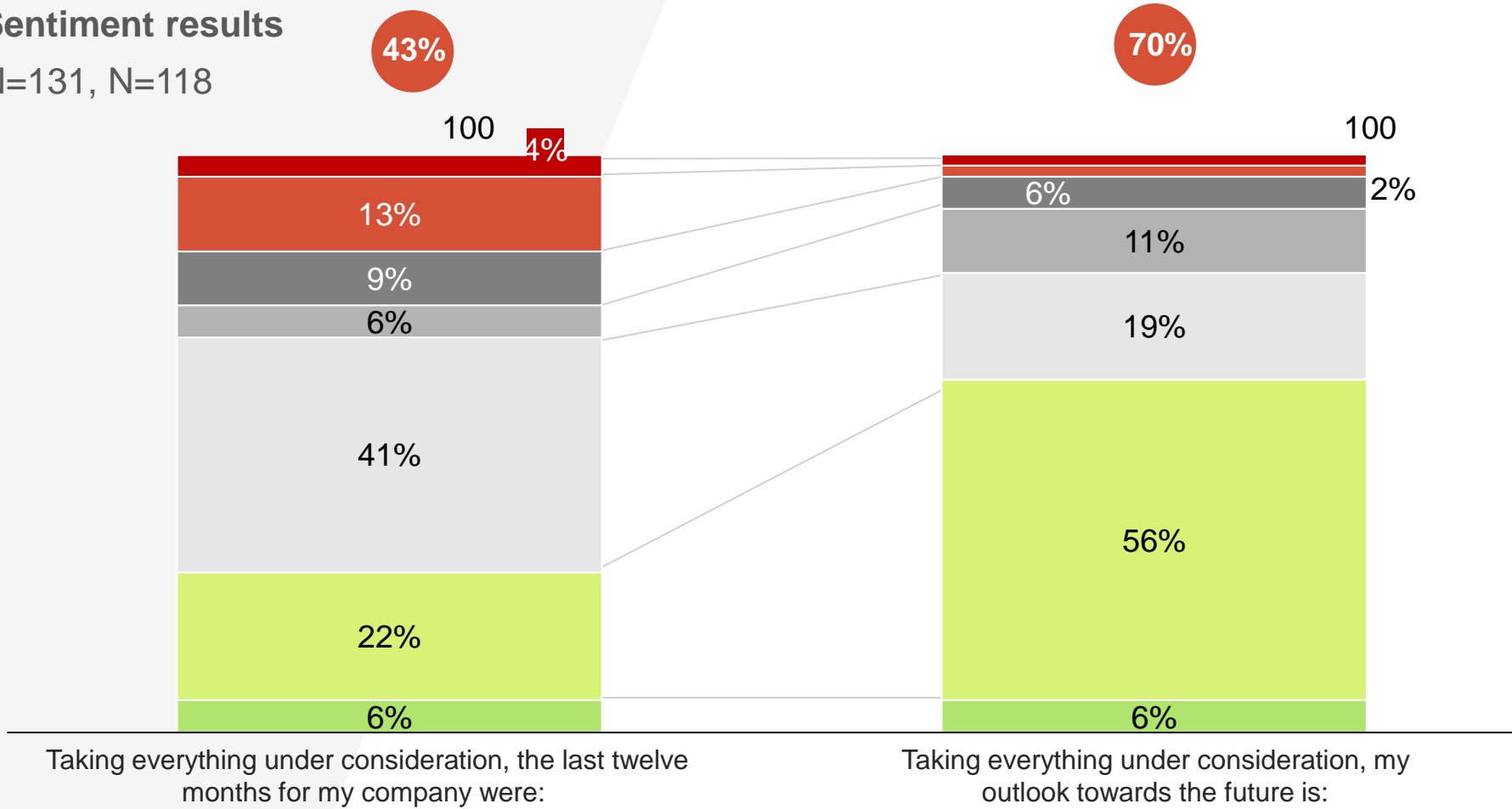**YOY revenue growth rate**

▲Valueships

Lost Q2 deals were the biggest issue during 2020; companies are more sales and costs-oriented

From the financial perspective, what has changed within your company during 2020?
Word cloud, N=34 answers

Despite last year's turbulences, sentiment in the sector remained strong, but now reached an all-time-high level
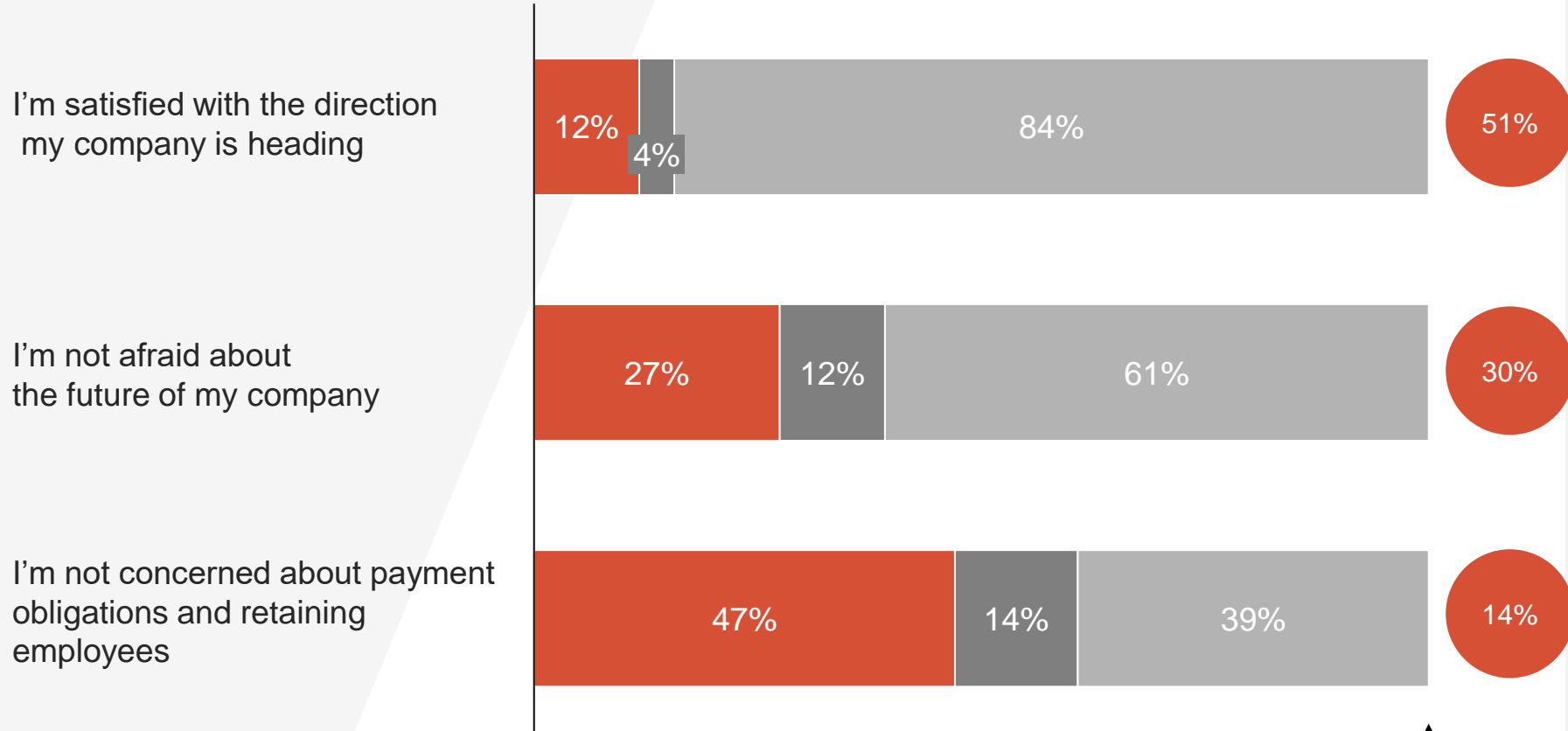
Sentiment results

N=131, N=118

43%

70%

100
4%
13%
9%
6%
41%
22%
6%

100
6%
2%
11%
19%
56%
6%

Taking everything under consideration, the last twelve months for my company were:

Taking everything under consideration, my outlook towards the future is:

xx% Net sentiment[2]

- ■ Very Negative
- ■ Negative
- ■ Somewhat Negative
- ■ Neutral
- ■ Somewhat Positive
- ■ Positive
- ■ Very Positive

Leaders think their companies head into the right direction; payments and employment are a concern to some

What is your attitude towards the following statements?[1]

N=51, %

xx% Top-2-Box[2]

Legend: ■ Disagree ■ Neither Agree nor Disagree ■ Agree

I'm satisfied with the direction my company is heading
- Disagree: 12%
- Neither Agree nor Disagree: 4%
- Agree: 84%
- Top-2-Box: 51%

I'm not afraid about the future of my company
- Disagree: 27%
- Neither Agree nor Disagree: 12%
- Agree: 61%
- Top-2-Box: 30%

I'm not concerned about payment obligations and retaining employees
- Disagree: 47%
- Neither Agree nor Disagree: 14%
- Agree: 39%
- Top-2-Box: 14%

100%

Strong positive sentiment towards the future of the companies; over half of leaders express strong statements

Relatively low level of concerns regarding the challenges of potential employment reduction; **growth initiatives were mostly not postponed**

Almost half of companies are concerned about retaining employees/ payment obligations; four-tenths are somehow positive, only 14% express strong opinions in the matter

1. "Very Strongly Disagree", "Strongly Disagree", "Disagree" answers connected to "Disagree"; "Agree", "Strongly Agree", "Very Strongly Agree" connected to "Agree"
2. Two highest positive answers, in this case: "Strongly Agree" and "Very Strongly Agree"

Valueships

Growth and strategic initiatives didn't stop; however, some companies express concerns about the economy

What is your attitude towards the following statements?[1]

N=51, %

xx% Top-2-Box[2]

Disagree   Neither Agree nor Disagree   Agree

Statement				Top-2-Box
We have postponed the growth initiatives during the pandemic	61%	12%	27%	14%
IT industry heads into the right direction	22%	33%	45%	10%
The current state of the economy is in good condition	49%	24%	27%	8%

100%

Growth didn't postpone – most of the companies didn't postponed their growth initiatives
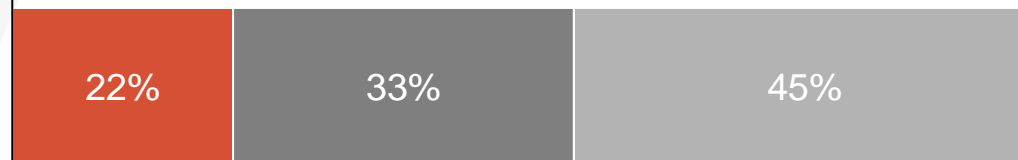
Almost half of the leaders somewhat agree that the IT industry outlook is positive, but only one-tenth of them express a strong belief in it

Strong negative sentiment towards the state-of-the-economy; only 27% of the responders believe it is in good condition

1. "Very Strongly Disagree", "Strongly Disagree", "Disagree" answers connected to "Disagree"; "Agree", "Strongly Agree", "Very Strongly Agree" connected to "Agree"
2. Two highest positive answers, in this case: "Strongly Agree" and "Very Strongly Agree"

State of Employment

SoDA 2021
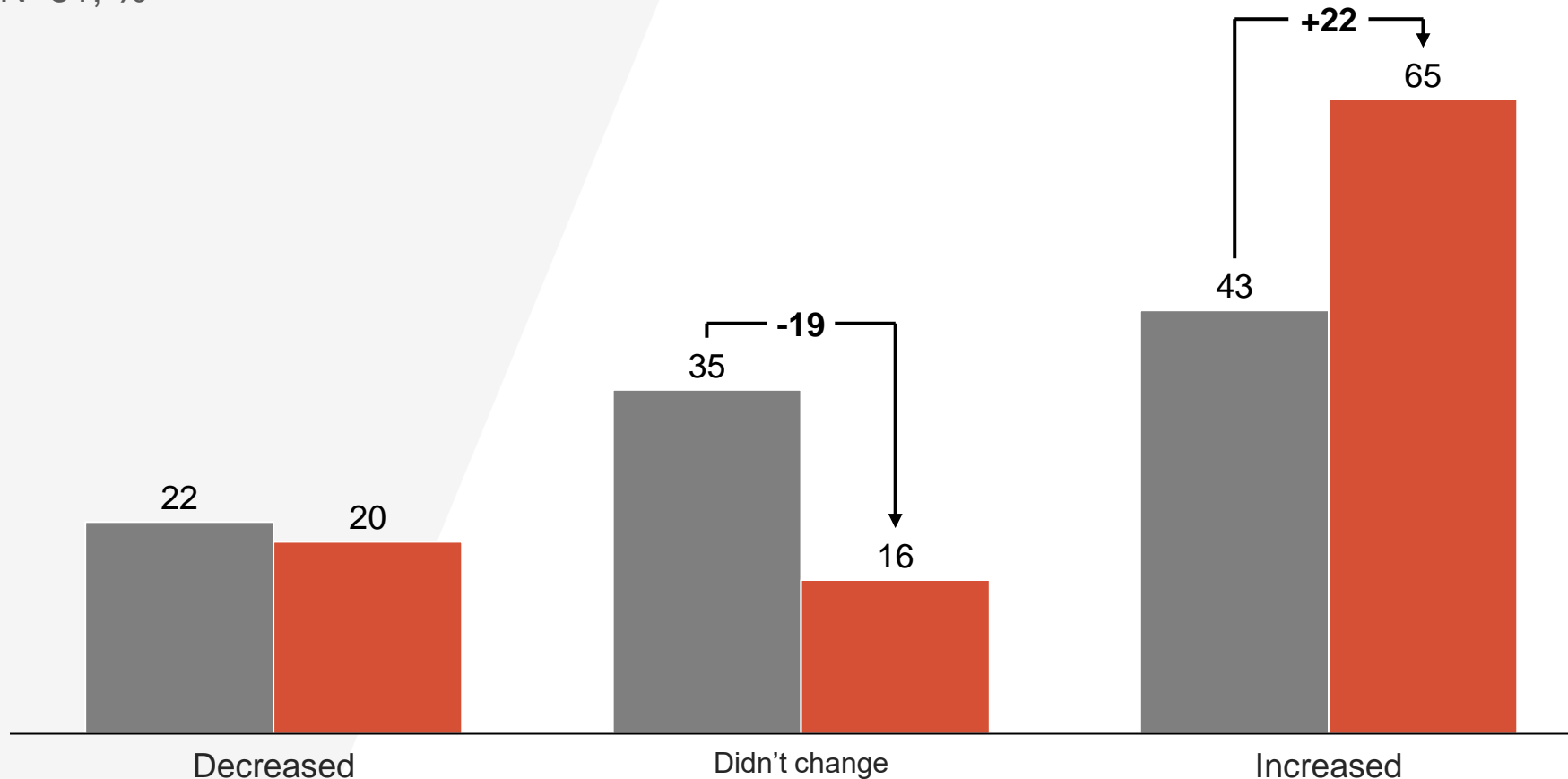
Expert Insight

Kamil Pilarski
Dyrektor Zarządzający Avid Poland
Członek Zarządu Klaster ICT Pomorze
Zachodnie

Beata Wilk
HR Manager at Euvic

The conviction that the time when a programmer is forced to look for a job which might be the worst half an hour of his life, still seems to be still valid today. The Fourth Industrial Revolution and the COVID-19 pandemic caused a global increase in the demand for the digitization of "everything", which in turn translates into potential business growth. Why potential?

Because not all companies have a sufficient number of employees, and sometimes they also lack suitably qualified people. The pandemic has proven that remote work is very efficient thanks to the advanced tools currently available on the market. Furthermore, there are situations when employees located in Poland provide work services remotely directly for foreign enterprises. This in turn further deepens the deficit of available qualified staff and limits the business growth possibilities of domestic IT companies. The "Poland.Business Harbor" program might be the answer to these problems, as it enables the recruitment of IT staff from Belarus. Thanks to a simplified administrative path, it is now possible to complete all formalities related to permits and visas in about a month. For some companies, introducing foreigners to their organizations will be associated with an additional internal (re) evolution, but the potential "quick wins" seem to reassure us that it is definitely worth to take that path.

The pandemic and global lockdown resulted in the transfer of dozens of areas of everyday life to the on-line formula and thus, increased demand in the area of production and maintenance of many IT projects. The deficit of IT specialists was noticeable even before the pandemic — the demand for IT competences is not decreasing. The dynamic digitization of many industries requires access to an increasing number of IT specialists. This trend is sure to stay with us for a long time.

Due to the remoteness of work, Western companies no longer perceive the difference between their native programmers and those from other countries. Thus, they went "shopping" to Eastern Europe, and this resulted in an equal amount of offers. This strongly marked trend may soon be stopped - with the return to offices, we expect an increase in the value of on-site employees at the expense of remote employees.

Expert Insight

Grzegorz Rudno-Rudziński
President of ITCorner, Managing Partner
at Unity Group

Salaries and investments on the rise — time for raises?

The report confirmed earlier observations about an abrupt increase in programmer salaries, which has been estimated by the majority of companies at 20%. This has been caused by the development of these companies (84% of them are in need of additional staff), and by the fact that 81% of respondents have a positive outlook on the future since the demand for IT services on the market is bigger than ever.
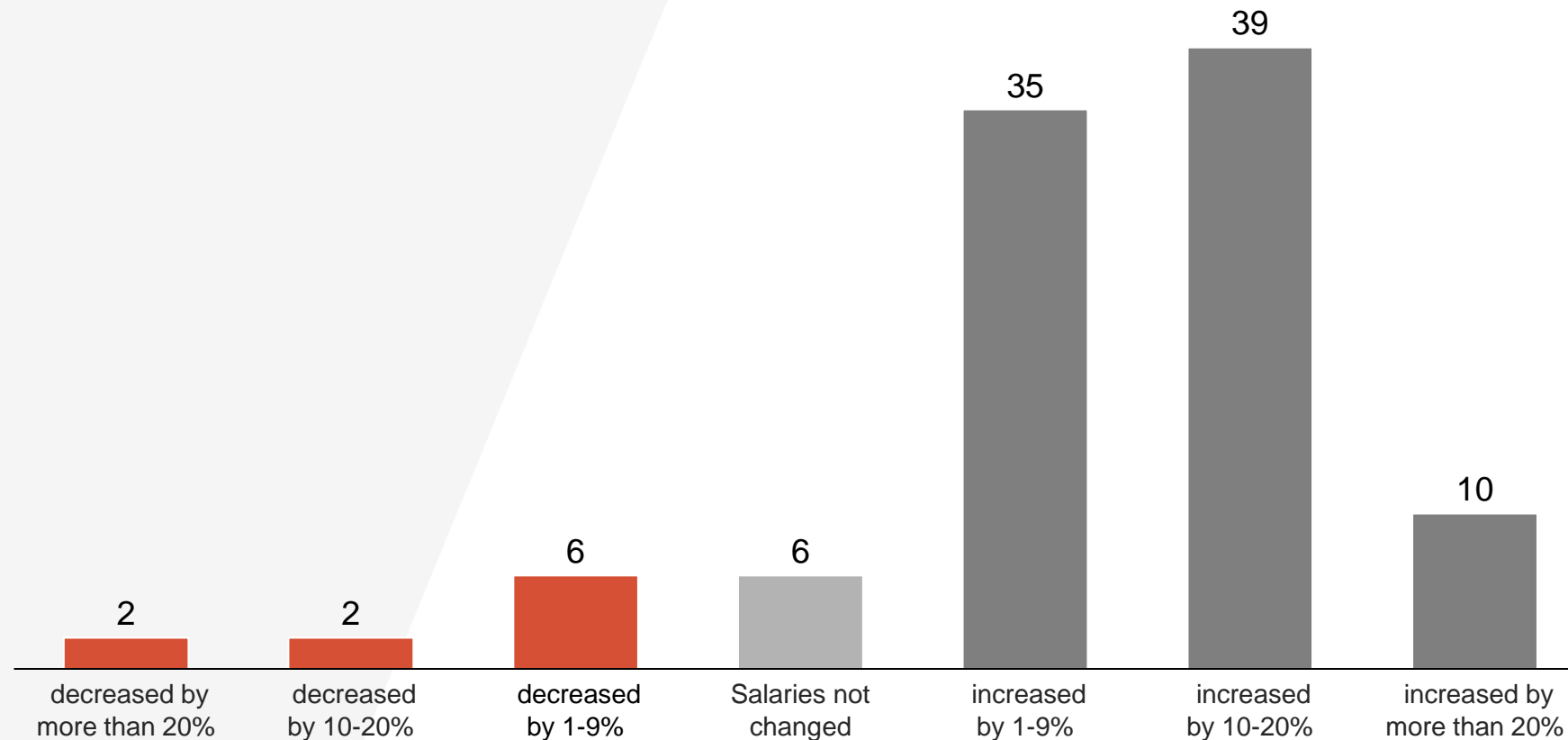
At the same time, remote working made it easier for companies from wealthier markets to recruit employees for work directly. This particularly applies to countries which did not employ the Polish workforce to work remotely before.
Further salary increases are to be expected later this year. In order for the IT industry to maintain financial liquidity, it is necessary to raise the market rates firmly and urgently. Otherwise, the profitability of these companies will drop which will leave no room for future salary raises. As a result, as an industry, we will lose specialists to our foreign competitors.

When planning to raise the rates for one's clients, one should consider the projected increase of fiscal load under the New Deal. If the announced changes are introduced into the Polish legislation, the prices of services on the IT market should increase by a total of 20-30% in the months to come. We should be prepared for this and start to implement changes in the ways in which IT projects are settled.

We hire more, increasing the demand;
salaries increased by 10-20% across the market set

**What happened to the employees'
salaries in 2020?**
N=51, %

Category	Value
decreased by more than 20%	2
decreased by 10-20%	2
decreased by 1-9%	6
Salaries not changed	6
increased by 1-9%	35
increased by 10-20%	39
increased by more than 20%	10

Strong consensus towards salaries increase in the IT sector – in most cases companies experience around 10% of the salaries increase

**Some companies saw 20% increase or even higher,** especially in the highly specialized roles

The results are aligned with the other market reports,

Strong IT sector premium multiplier vs. Polish job market, which enjoyed 5.1% salaries increase

Valueships

Companies continue hiring trend started in Q2, and still plan to hire more people

Do you plan to hire more people?
N=51, %

■ September 2020 Report
■ April 2021 Report
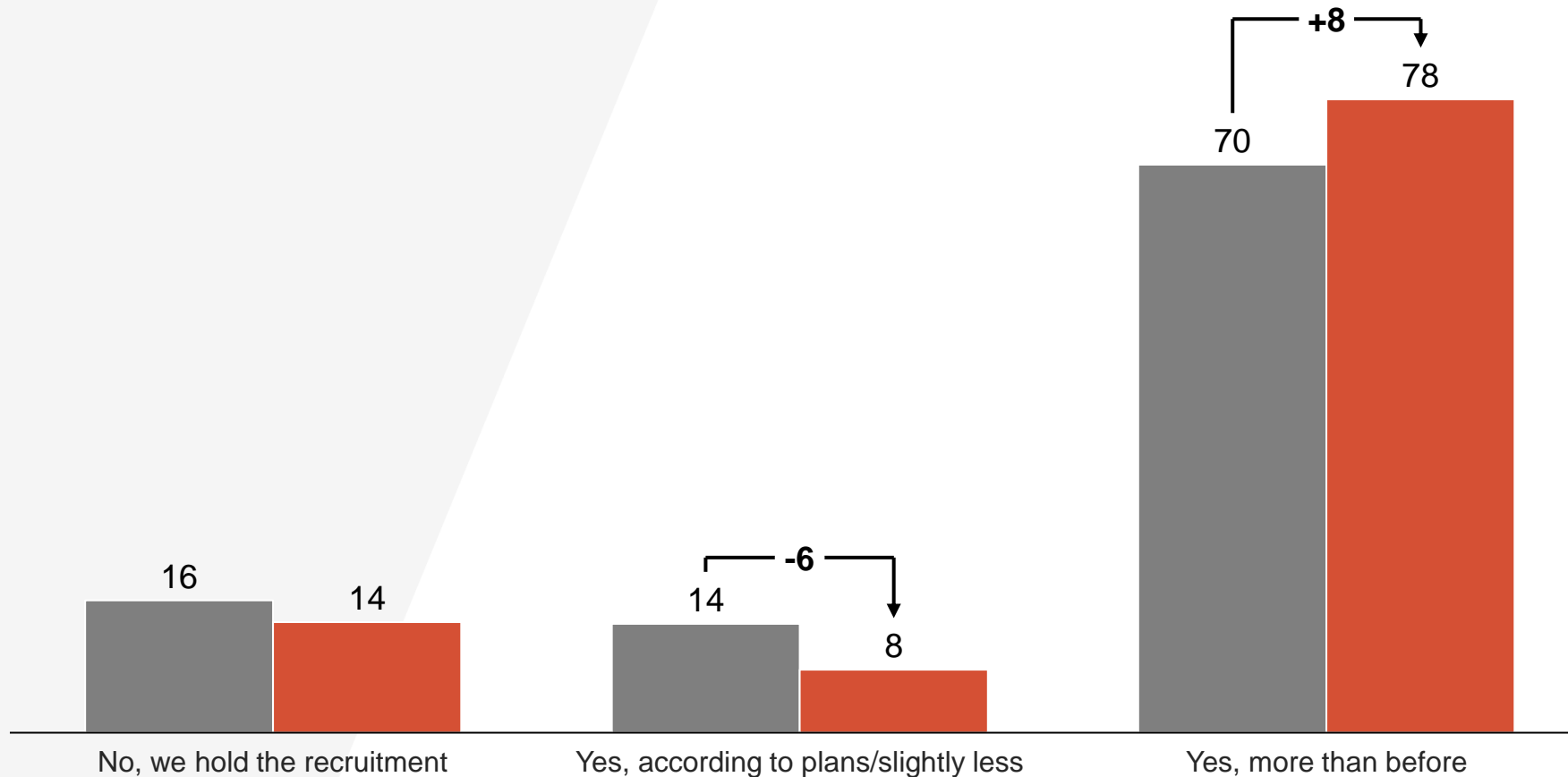
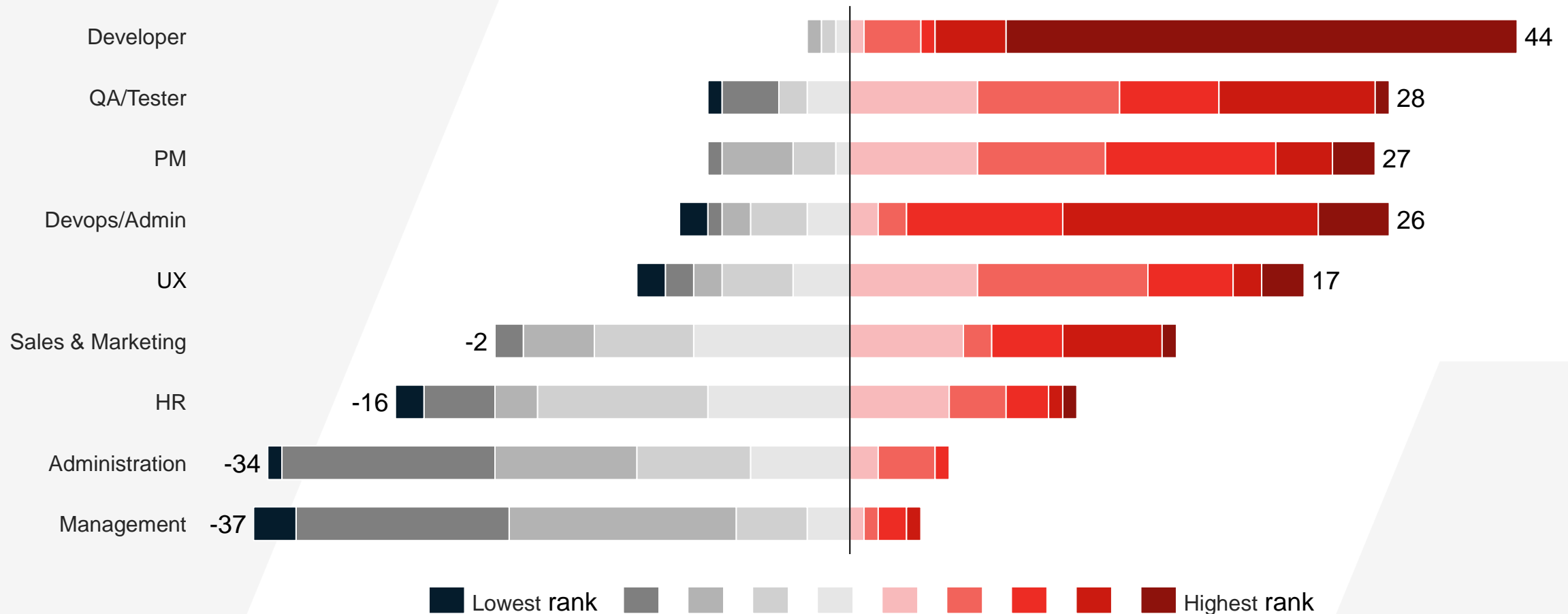**Productivity and demand for IT software still rises –** almost 80% of the companies want to hire more people within 2021

The trend started in Q2 didn't stop in Q4 – visible sifts from conservative to more open attitude towards the hiring process

+8
70   78

-6
14   8

16   14

No, we hold the recruitment | Yes, according to plans/slightly less | Yes, more than before

▲Valueships

IT companies agree on developers market demand; followed by delivery-related roles yet with lower consensus

Which roles would you most/least likely hire?

CxO-level management from Polish software development companies , n=48

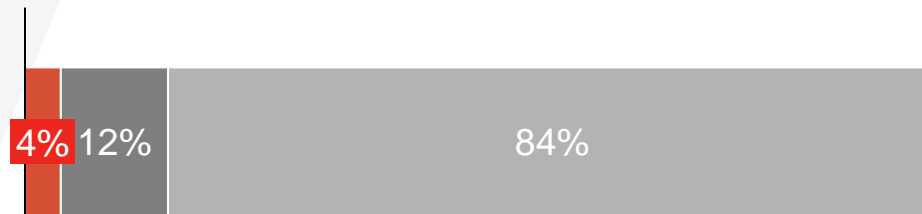| Role	Value
Developer	44
QA/Tester	28
PM	27
Devops/Admin	26
UX	17
Sales & Marketing	-2
HR	-16
Administration	-34
Management	-37

Lowest **rank**   Highest **rank**

Companies need more people to staff new projects, so they focus on retention

What is your attitude towards the following statements?[1]

N=51, %

Top-2-Box[2]

Legend: ■ Disagree ■ Neither Agree nor Disagree ■ Agree

I need more people to staff the upcoming projects
- Disagree: 4%
- Neither Agree nor Disagree: 12%
- Agree: 84%
- Top-2-Box: 55%

We're more focused on the employees retention than before pandemic
- Disagree: 20%
- Neither Agree nor Disagree: 27%
- Agree: 53%
- Top-2-Box: 37%

The conditions of the IT labour market changed dramatically within a year
- Disagree: 16%
- Neither Agree nor Disagree: 24%
- Agree: 61%
- Top-2-Box: 37%

100%

Strong hiring demand due to increased projects volume; almost every company needs more people
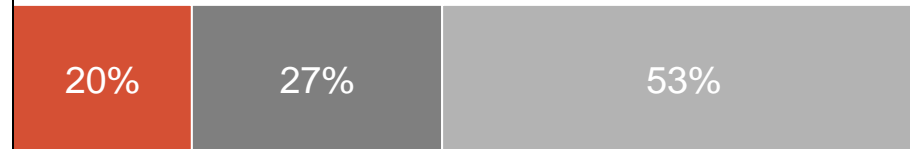
Costs of hiring are substantial, hence the focus on retention of employees – over one-third of the companies express a strong attitude towards it

Almost two-thirds of companies declare that the IT market changed drastically; higher salaries, different sales models, more international projects

1. "Very Strongly Disagree", "Strongly Disagree", "Disagree" answers connected to "Disagree"; "Agree", "Strongly Agree", "Very Strongly Agree" connected to "Agree"
2. Two highest positive answers, in this case: "Strongly Agree" and "Very Strongly Agree"

The job market is still employee-focused – most of the companies didn't reduce the salaries, benefits or responsibilities

What is your attitude towards the following statements?[1]

N=51, %

xx% Top-2-Box[2]

| Disagree | Neither Agree nor Disagree | Agree |

Statement	Disagree	Neither	Agree	Top-2-Box
We have increased the responsibilities of our employees	25%	33%	41%	14%
We have increased the requirements of our job offers	35%	35%	29%	6%
We are more picky when it comes to the candidates	39%	39%	22%	10%
We have reduced the employee benefits	71%	12%	18%	10%
We have reduced the proposed salaries in our job offers	84%	10%	6%	2%

100%
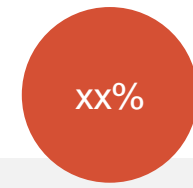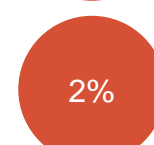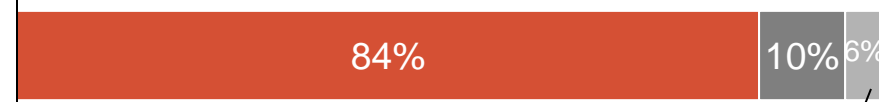
Most of the responsibilities and job requirements didn't change; similarly when it comes to the selection of the candidates – companies need more people with clear roles.

Employee benefits were not reduced; similarly, salaries increased, and pretty much no one managed to decrease them successfully.

1. "Very Strongly Disagree", "Strongly Disagree", "Disagree" answers connected to "Disagree"; "Agree", "Strongly Agree", "Very Strongly Agree" connected to "Agree"
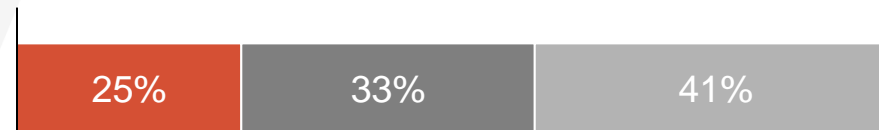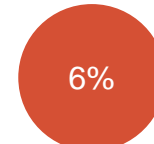2. Two highest positive answers, in this case: "Strongly Agree" and "Very Strongly Agree"

Leadership & Management

SoDA 2021

Management satisfaction aligned with results –
80% of leaders met the pandemic expectations

How do you rate the performance of the leaders in your organization during the pandemic?

N=43, %

| 2% | 16% | 63% | 19% |

They haven't met the expectations at all

They haven't met a part of the expectations

They have met the majority of the expectations

They have met all expectations
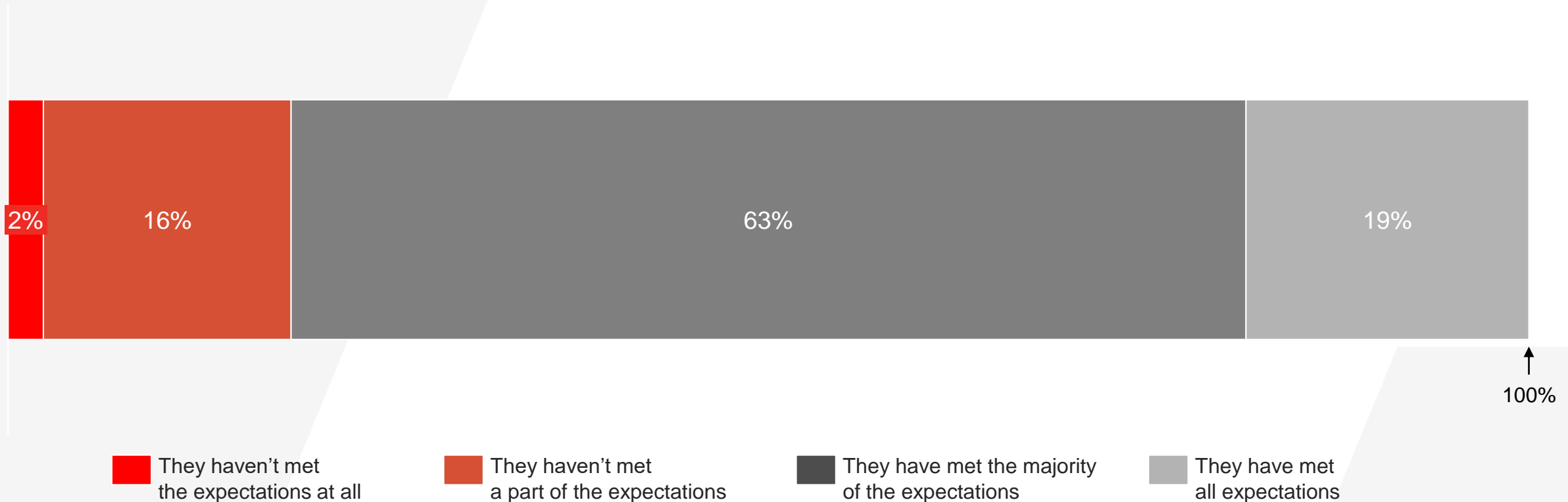
Four-fifths of the companies successfully went through digital transformation

What is your attitude towards the following statements?[1]
N=44, %

xx% Top-2-Box[2]

| | Disagree | Neither Agree nor Disagree | Agree |

We have successfully overcome the digital communication barriers
7% | 11% | 82% — 46%

We have ensured our leaders are prepared for fully digital operations
5% | 16% | 80% — 32%

The role of leaders became more important than ever
7% | 25% | 68% — 43%

Our leaders had to change their management approach
18% | 18% | 64% — 21%

100%
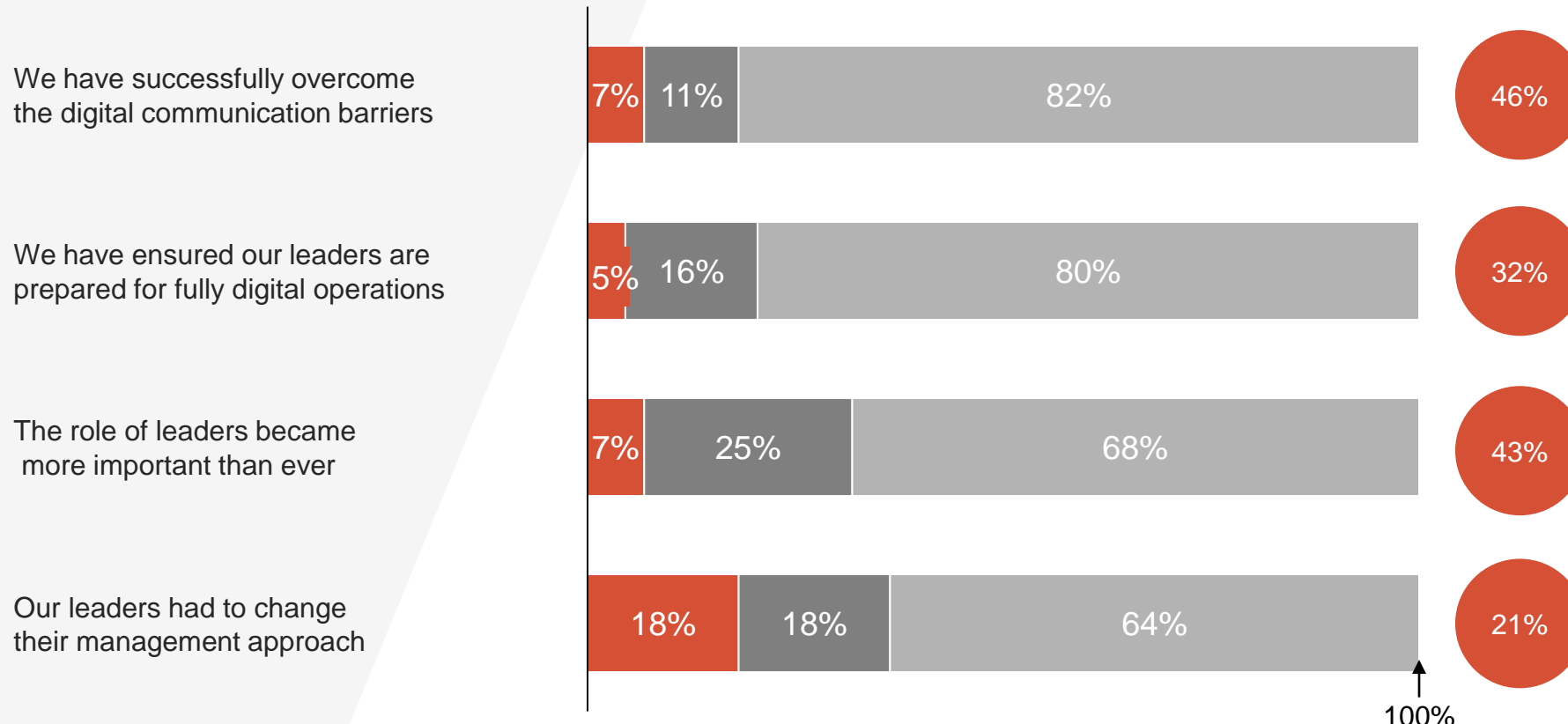
**Companies enabled full technological stack to ensure smooth operations – ** most of them feel they were prepared to run it

Two-thirds of companies embrace the new leadership model; however, only one-fifth declare they had to change their leadership approach heavily

1. "Very Strongly Disagree", "Strongly Disagree", "Disagree" answers connected to "Disagree"; "Agree", "Strongly Agree", "Very Strongly Agree" connected to "Agree"
2. Two highest positive answers, in this case: "Strongly Agree" and "Very Strongly Agree"

Valueships

Companies are now more aware of mental health and wellbeing challenges of the employees

What is your attitude towards the following statements?

N=44, Top 3 Box, %

xx%   Top-2-Box[2]

Legend: ■ Disagree   ■ Neither Agree nor Disagree   ■ Agree

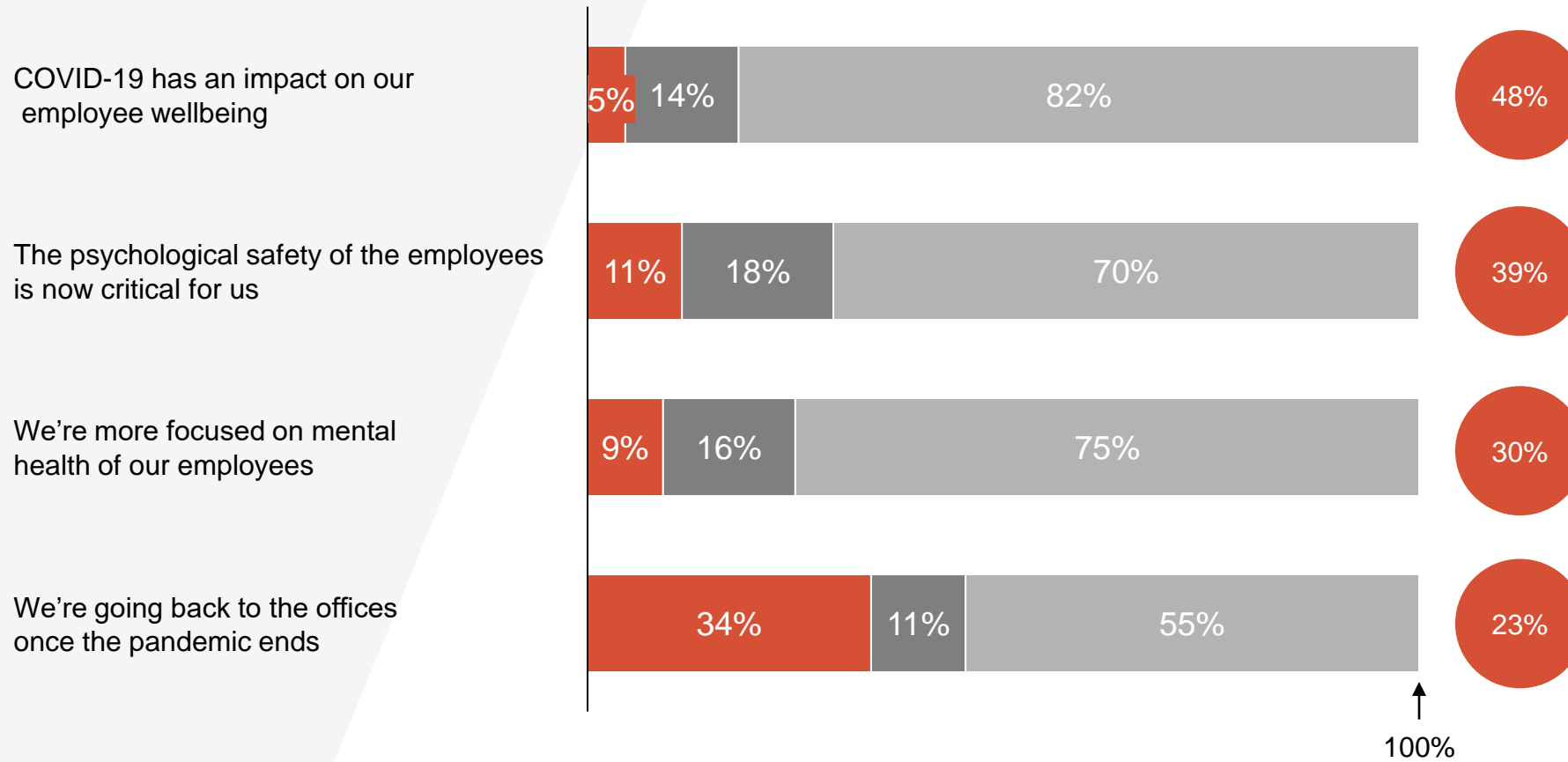| Statement	Disagree	Neither Agree nor Disagree	Agree	Top-2-Box
COVID-19 has an impact on our employee wellbeing	5%	14%	82%	48%
The psychological safety of the employees is now critical for us	11%	18%	70%	39%
We're more focused on mental health of our employees	9%	16%	75%	30%
We're going back to the offices once the pandemic ends	34%	11%	55%	23%

100%

A visible impact of COVID-19 on wellbeing – half of the companies declare it as a real issue

Rise of psychological safety awareness across the entire companies set – some firms with strong statements

Mental health, alongside with **psychological safety**, **are two visible themes** which are important to tackle in the future

Unclear consensus when it comes to the office/remote work structure – hybrid model most probable

Valueships

When it comes to leadership, companies mention employees as first and emphasize focus on communication

What changed in your company's leadership style during the pandemic?
Word cloud, N=24 answers

Valueships

Expert Insight

Mateusz Kubiczek
CEO The Software House

Last year brought new challenges for leaders at The Software House. I believe that our decision to become a fully remote company made the most significant impact on how our leaders act and how they lead their teams. So far, the vibe connected with working from our office in Gliwice was our "secret source" for team building and keeping our people engaged, motivated and happy with their job. Our processes and management styles had to evolve, and leaders had to adapt to the new normal quickly. Managing fully remote teams requires more awareness regarding people's behaviours, moods, and needs. Also, leaders had to adjust their management styles and equip themselves with new tools an methods to integrate the teams and keep them engaged. At the same time, we grew our headcount significantly during the year. It brought another challenge – how to successfully onboard new people without meeting them in person. A newly created onboarding process (fully remote, intensely involving many people and departments) helped a lot. The involvement of the entire management in continuous activities integrating teams was unfathomable too. It now takes place at three levels: project team, department, and company level.

Magdalena Kuś
Head of HR at GFT Poland

The pandemic was a huge challenge in terms of taking care of the well-being of our employees. In a short period of time, actually within a few days, we switched to a completely remote work mode, taking care of our people's sense of security at the same. We started by ensuring appropriate working conditions in the home office, renting office equipment and furniture to our employees. At the same time, we have introduced a number of well-being activities, such as consultations with a psychologist, shared coffees, celebrations and online events, and, very importantly, we have also offered support to our employees' families by offering activities for children, gifts or consultation with our HR department. We have also introduced a more direct and transparent form of contact with the management, who during Ask Me Anything sessions answer our employees' questions and inform them about the current situation of the company. All these activities are just a few examples of how we are preparing for the New Normal – a process that is still ongoing and built on conversations and the real needs of our employees.
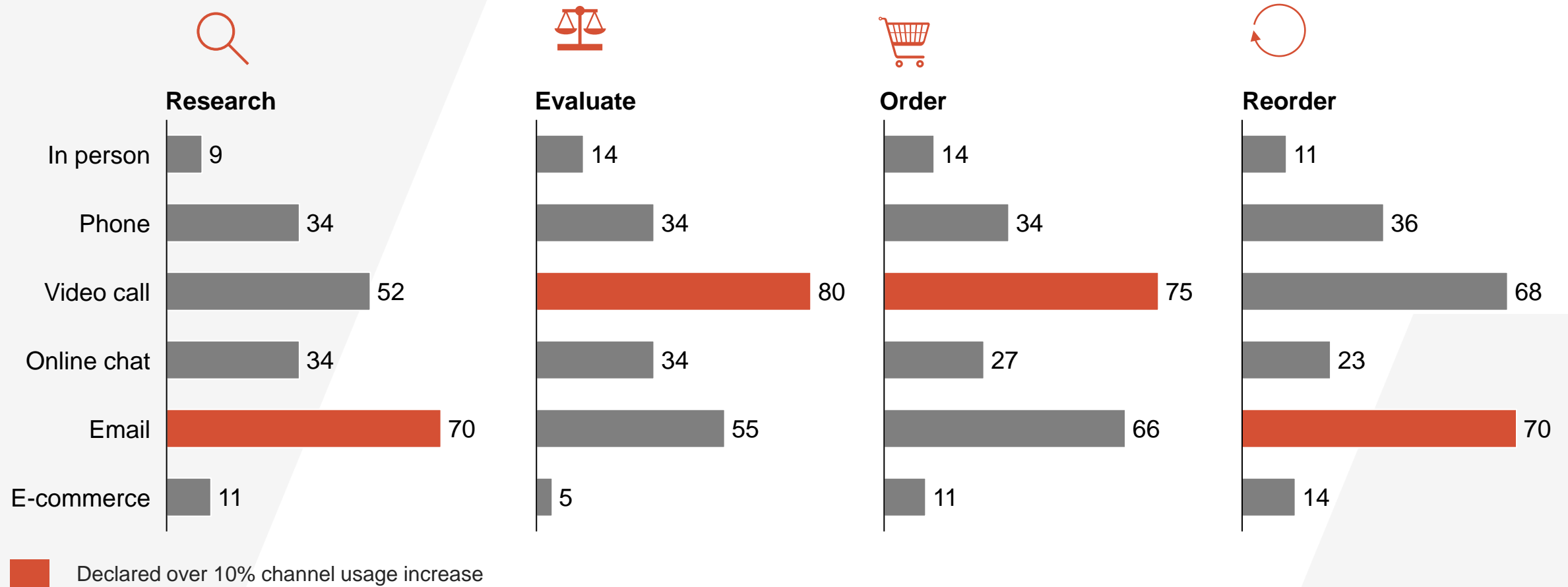
Valueships

Marketing & Sales

SoDA 2021

COVID-19 made video calls essential in the client's buying journey

How clients currently interact with your company/sales reps?
Which channels have increased the presence during the pandemic?
By stage in the customer decision journey, %, N=44

	Research	Evaluate	Order	Reorder
In person	9	14	14	11
Phone	34	34	34	36
Video call	52	**80**	**75**	68
Online chat	34	34	27	23
Email	**70**	55	66	**70**
E-commerce	11	5	11	14

■ Declared over 10% channel usage increase

Valueships

Owned and earned channels proved to be most effective; despite the hype, podcasts and webinars rank as the lowest

Which online channels were the most/least effective during the pandemic?

n=39

Channel	Value
Social media	22
Word of mouth marketing	12
Your website	13
Content marketing and SEO	8
E-mail marketing/newsletter	1
Pay-Per-Click/retargeting/display	-8
Webinars	-11
Podcasts	-18

Lowest rank   Highest rank

Valueships
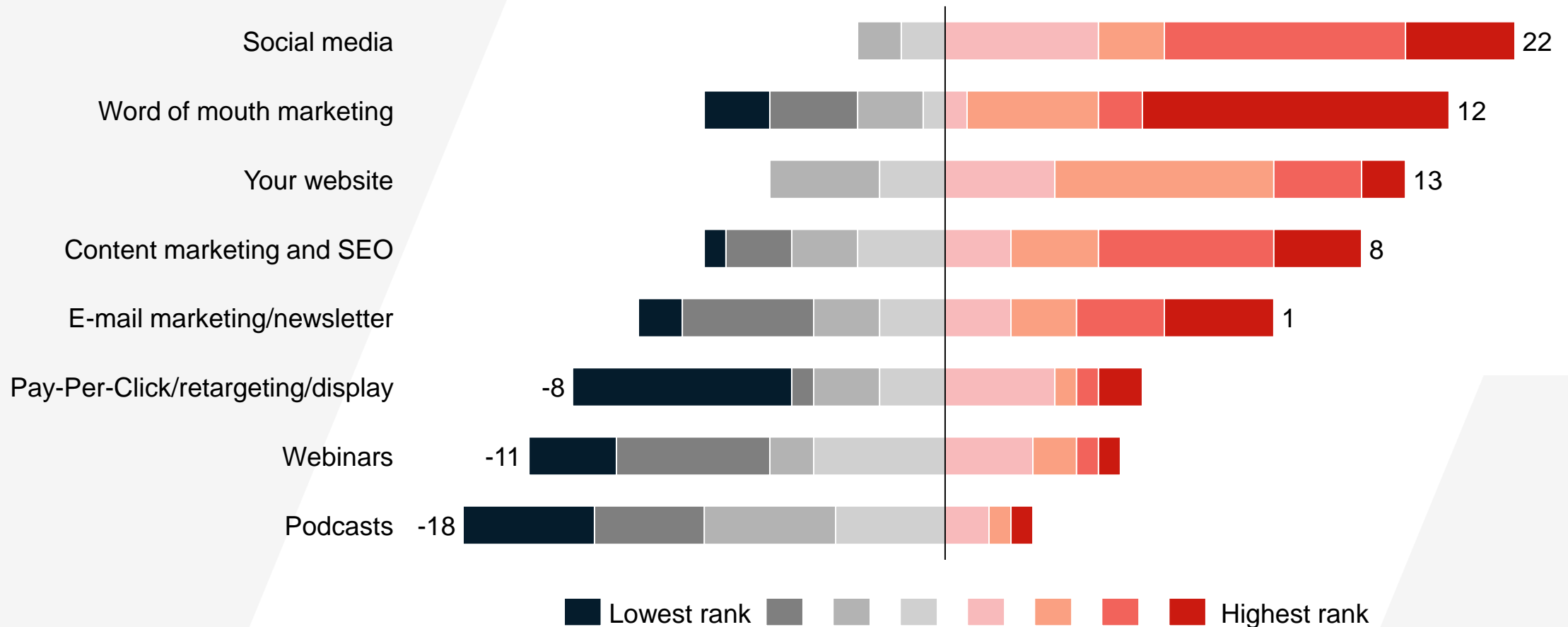
More fuel for growth engines – 58% of the firms increased spend; 23% invested in sales reps
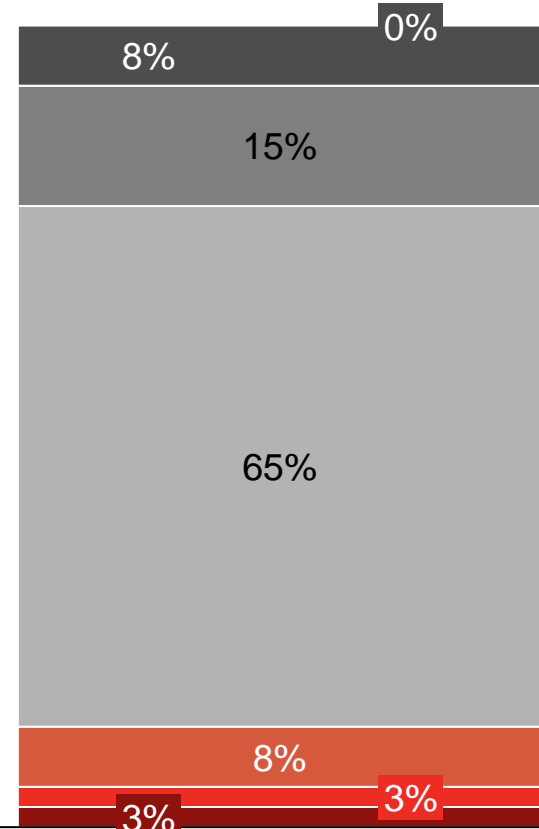
What happened to the following sales & marketing aspects in 2020?

N=40, %

Legend:
- Increased by over 20%
- Increased by 10-19%
- Increased by 1-9%
- Stayed the same
- Decreased by 1-9%
- Decreased by 10-1%
- Decreased by over 20%
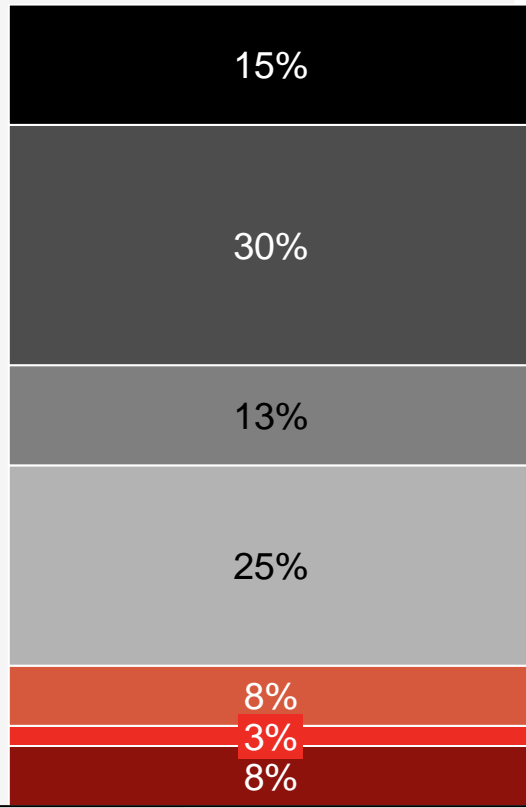
Overall marketing spend:
- 15%
- 30%
- 13%
- 25%
- 8%
- 3%
- 8%

Sales rep commission:
- 0%
- 8%
- 15%
- 65%
- 8%
- 3%
- 3%

← 100%

Decreasing the marketing expenses results in lower profitability, while increase boosts profit & growth

Marketing & Sales expense increase impact on growth and profitability
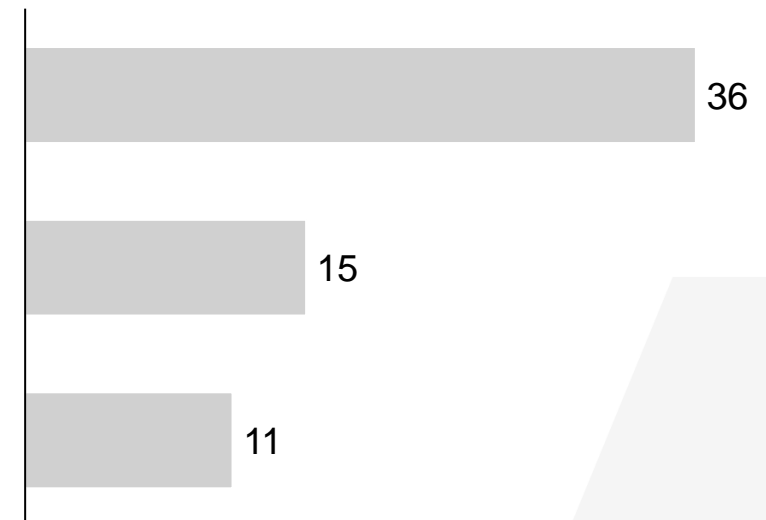
N=40, Pearson correlation

How much your overall EBITDA profitability changed in 2020 vs 2019?
%

R^2=0.421

What is your overall growth rate in 2020 vs 2019?
%

R^2=0.365

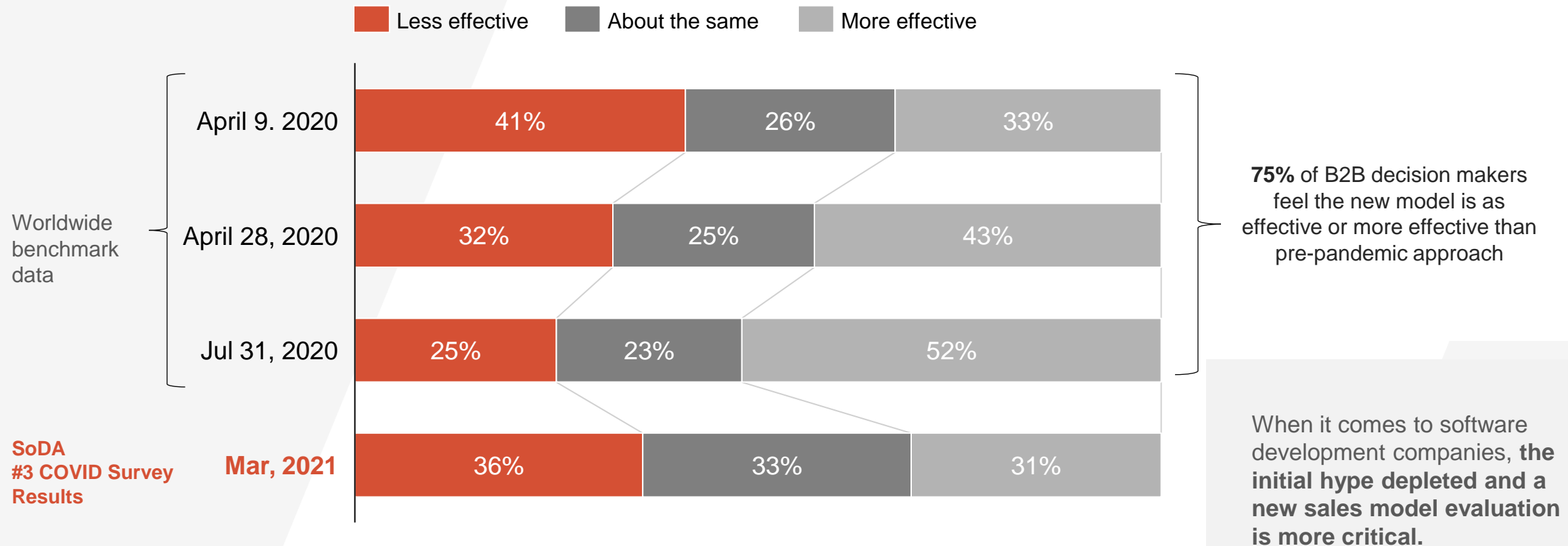|	EBITDA profitability	Growth rate
Increased marketing expenses	25	36
Marketing expenses the same	1	15
Decreased marketing expenses	-2	11

Despite relatively low sample size, **we observe a positive correlation between an increased marketing spend and increased profitability and growth rates;** a visible tendency of boosting profitability and growth engine with marketing fuel

Valueships

In comparison with the worldwide benchmark, our responders are more critical towards digital sales

How effective is your company's new sales digital model at reaching and serving customers?

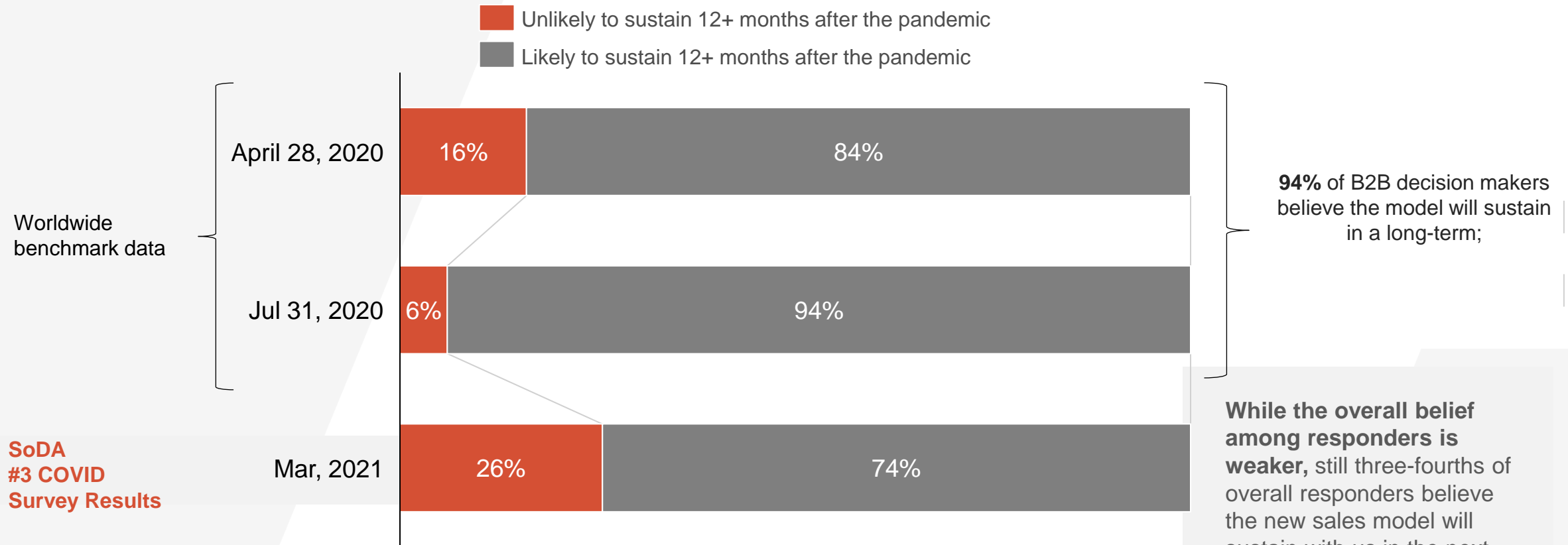% of answers of TMT companies vs. SoDA survey, N=39

Legend: ▮ Less effective ▮ About the same ▮ More effective

Worldwide benchmark data

	Less effective	About the same	More effective
April 9. 2020	41%	26%	33%
April 28, 2020	32%	25%	43%
Jul 31, 2020	25%	23%	52%

SoDA #3 COVID Survey Results

	Less effective	About the same	More effective
Mar, 2021	36%	33%	31%

75% of B2B decision makers feel the new model is as effective or more effective than pre-pandemic approach

When it comes to software development companies, **the initial hype depleted and a new sales model evaluation is more critical.**

Source: COVID.mckinsey.com/b2b-sales

Valueships

The majority of the companies believe the new digital sales will stay with us in a long-term

How likely is that the new sales model will sustain 12+ months beyond pandemic?

% of answers of TMT companies[1] vs. SoDA survey, N=39

■ Unlikely to sustain 12+ months after the pandemic
■ Likely to sustain 12+ months after the pandemic

Worldwide benchmark data

April 28, 2020 — 16% | 84%

Jul 31, 2020 — 6% | 94%

94% of B2B decision makers believe the model will sustain in a long-term;

SoDA #3 COVID Survey Results

Mar, 2021 — 26% | 74%

While the overall belief among responders is weaker, still three-fourths of overall responders believe the new sales model will sustain with us in the next 12+ months after the pandemic
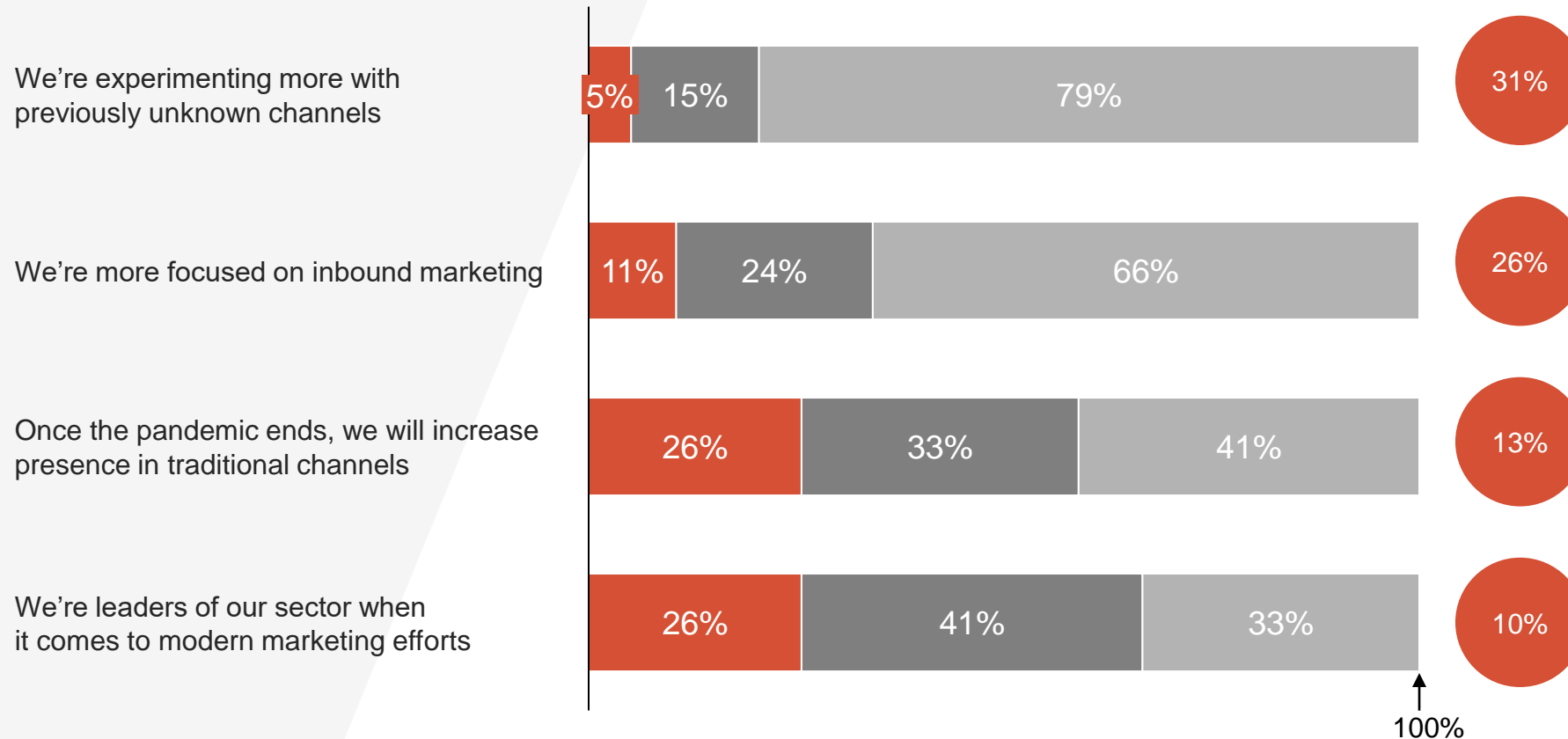
1. Q: "Which of the following statements best describe the changes your company has made to its commercial and go-to-market model during COVID-19?"
Source: COVID.mckinsey.com/b2b-sales

▲Valueships

Experimenting with inbound is the new black in software development marketing

What is your attitude towards the following statements?[1]

N=51, %

xx% Top-2-Box[2]

| | Disagree | Neither Agree nor Disagree | Agree |

We're experimenting more with previously unknown channels
5% | 15% | 79% — 31%

Almost everyone started to experiment with M&S – the pandemic opened the new channels opportunities, previously untapped

We're more focused on inbound marketing
11% | 24% | 66% — 26%

Inbound, esp. social media and owned content, **proves to be the most effective** – two-thirds of the companies focused on it

Once the pandemic ends, we will increase presence in traditional channels
26% | 33% | 41% — 13%

In pursuance of the new hybrid model – we will see some comeback towards traditional marketing efforts

We're leaders of our sector when it comes to modern marketing efforts
26% | 41% | 33% — 10%

10% of the companies see themselves as sector leaders; others are more conservative in their judgement

100%

1. "Very Strongly Disagree", "Strongly Disagree", "Disagree" answers connected to "Disagree"; "Agree", "Strongly Agree", "Very Strongly Agree" connected to "Agree"
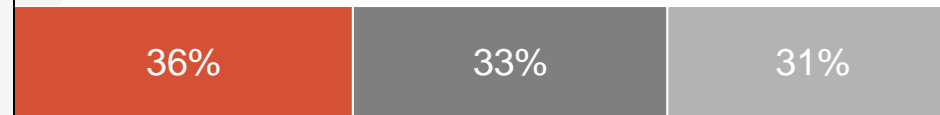2. Two highest positive answers, in this case: "Strongly Agree" and "Very Strongly Agree"

Valueships

No consensus when it comes to the new sales model

What is your attitude towards the following statements?[1]

N=51, %

xx% Top-2-Box[2]

Disagree | Neither Agree nor Disagree | Agree

Statement	Disagree	Neither Agree nor Disagree	Agree	Top-2-Box
We had to change our sales model completely	36%	33%	31%	10%
We generate more sales leads than before	21%	26%	54%	15%
Sales process is harder than ever	31%	33%	36%	18%
Online sales processes create more friction for the client than traditional ones	31%	44%	26%	8%

100%

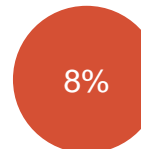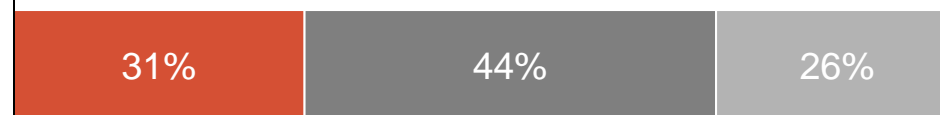While some companies were somewhat prepared towards digital sales, **one-third of them had to change their model,** and 10% had to do it comprehensively

Strong project demand on the market as companies generate more leads than ever before
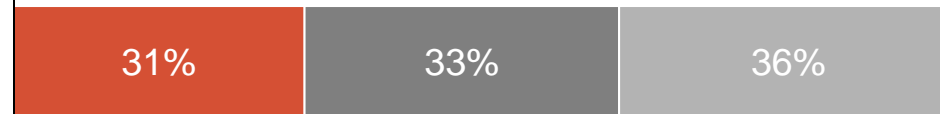
For those who didn't digitize early enough, **the sales process is harder and provides more challenges**

No agreement when it comes to **client friction in the digital sales model** – potential for in-depth evaluation

1. "Very Strongly Disagree", "Strongly Disagree", "Disagree" answers connected to "Disagree"; "Agree", "Strongly Agree", "Very Strongly Agree" connected to "Agree"
2. Two highest positive answers, in this case: "Strongly Agree" and "Very Strongly Agree"

Valueships

Connections, referrals, and word of mouth were mentioned as the most effective marketing & sales ideas

Which marketing & sales ideas during the pandemic have been the most effective for your organization?
Word cloud, N=17 answers

Expert Insight

Over the past year and a half, the entire business world has found out that many processes can be transferred to the online environment. This effect will stay with us for many years and, in my opinion, it will be referred to as the so-called new normality, also in terms of running a business. Clients today consider it normal to talk about the project using remote communication tools. What is more, they often suggest such a form in the initial phase of business talks. For the IT industry, remote work was and is an integral way of doing business, but before the pandemic sales took place in a traditional way. Today we know how to communicate effectively with clients online. Choosing remote solutions while working for organizations from virtually every inhabited continent we are time efficient and at the same time environmentally friendly as we reduce the number of hours spent on the plane. Physical meetings with clients will remain an element of conducting business and building relationships, but on a much smaller scale than before the pandemic.

Robert Strzelecki
CEO TenderHut Group

The long-lasting pandemic has had a significant impact on customer acquisition channels. Due to the fact that no conferences were organized and there was no possibility of holding a direct meeting with a potential client, the effectiveness of outbound sales has been weakened despite the transfer of many of these activities to the virtual world.

My observations show that during this period, many software houses invested in building or developing their marketing departments. It is a strategy that is expected to increase leads from inbound sales in the medium and long term. I am convinced that even in the post-pandemic reality, companies will continue their investments in this area.
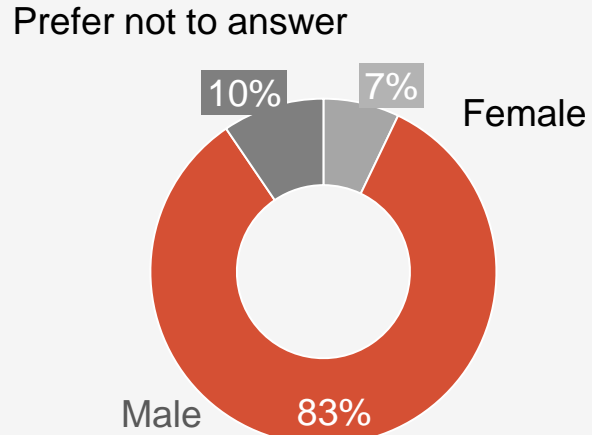
Jan Zborowski
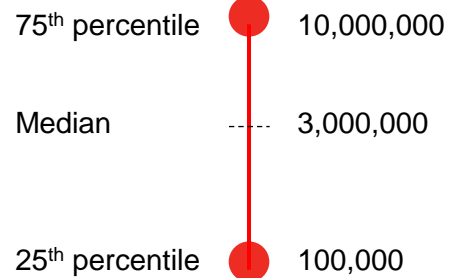CEO SoftwareMill

Valueships

Demographics and information

SoDA 2021

While 131 answered the initial questions, final demographics landed at n=41

Gender

Prefer not to answer
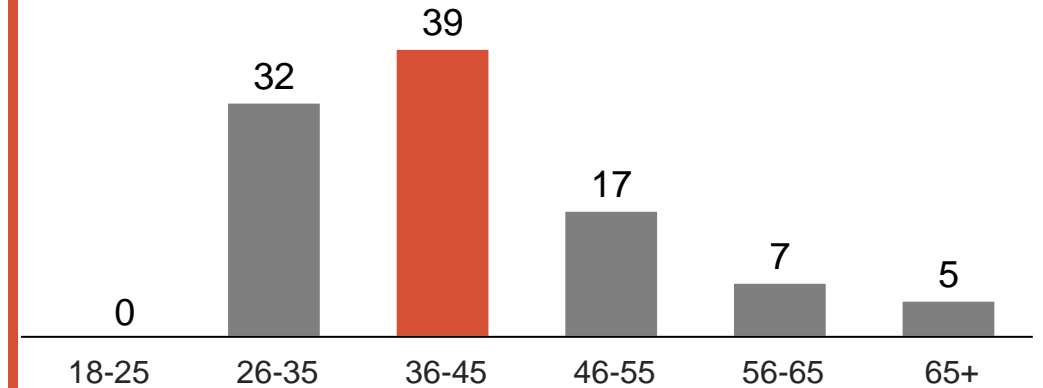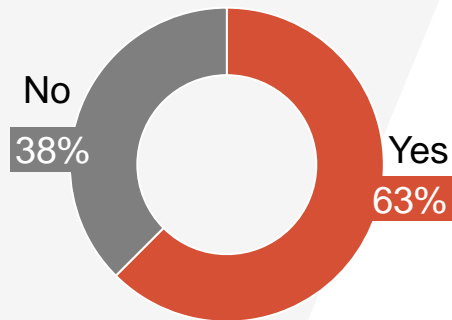
10%

7%

Female

Male

83%

Are you a member of the SoDA?

No
38%

Yes
63%

Turnover (PLN)

75th percentile	●	10,000,000
Median	- - - -	3,000,000
25th percentile	●	100,000

Employment (#)

Mean at 212

Median at 70

300
250
200
150
100
50
0

Age

18-25	26-35	36-45	46-55	56-65	65+
0	32	39	17	7	5

Size of the company

Microfirm	Small business	Medium business	Enterprise business
3	45	40	13
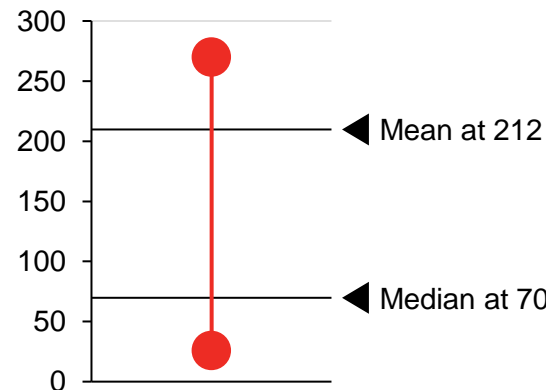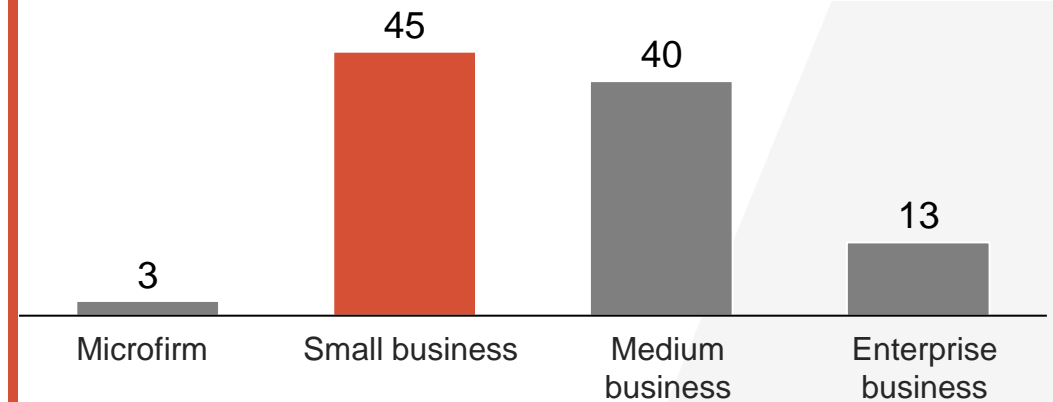
SoDA

More information can be found on our website:

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